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International Trade



FOCUS ON SOUTH CHINA 1998





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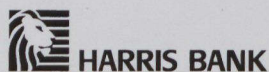
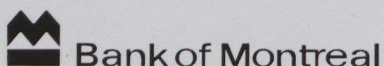
To find out more about the business opportunities and financial services we can provide in Guangdong, Canada and the United States, as well as in other countries worldwide, please call:

Dale Ward

Director & General Manager

Guangzhou

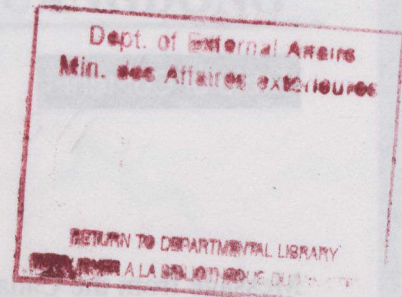
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Canadian Consulate General



Consulat Général du Canada



Dear Friends,

South China is one of the fastest growing regions in the world. It encompasses the four provinces of Guangdong (粤), Guangxi (桂), Fujian (闽), and Hainan (琼).

In particular, Guangdong is China's wealthiest and most productive province. Guangdong leads the country in trade and utilizes the highest amount of foreign capital.

Foreign investment was first established in China through the south, more specifically through Guangdong and Fujian. Since then, Guangdong and Fujian have remained a gateway to the mainland. For over two centuries, Guangzhou has been called the Nan Da Men (Great South Gate).

For Canadian firms pondering the possibility of success in the South China Market, the **Focus on South China** publication should be a valuable business tool. It provides market profiles on each of the four provinces of Guangdong, Guangxi, Fujian and Hainan, including the current business environment, foreign investment trends, trade activities, opportunities for Canadian firms, and linkages with Canadian organizations.

This publication, created with the assistance of the Canadian Business Forum in Guangzhou, is our first attempt, and certainly not our last. We value your comments and suggestions for future editions. Welcome to South China!

Paul S. H. Lau

Consul General of Canada in Guangzhou

52918/20

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加粵商会

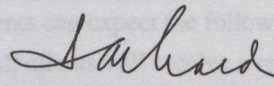
CANADIAN BUSINESS FORUM IN GUANGDONG

Dear Reader,

The intention of the Canadian Business Forum (CBF) in Guangzhou in sponsoring this publication is to introduce the world of opportunities in Southern China to Canadian business.

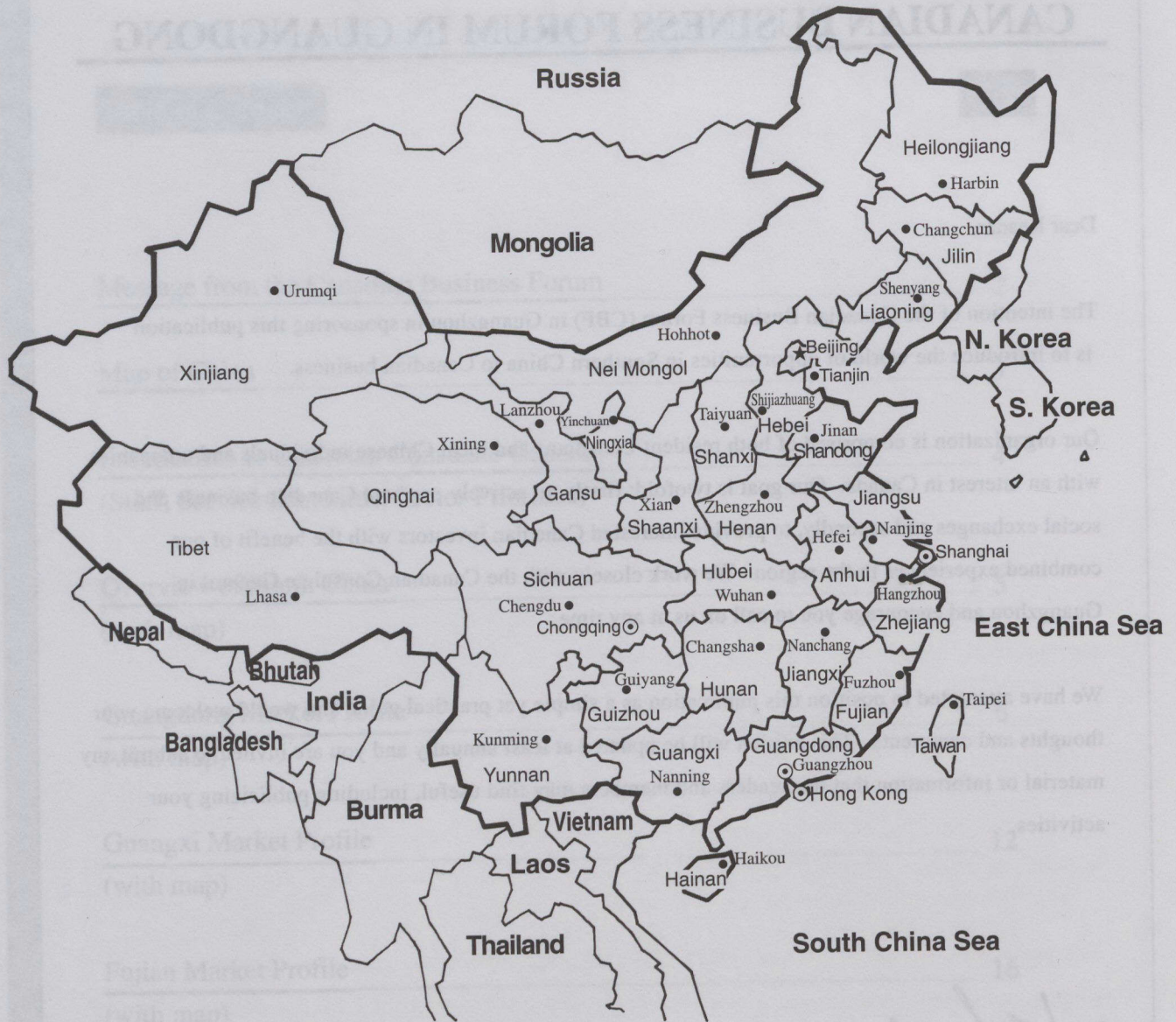
Our organization is comprised of both resident Canadians and local Chinese individuals and companies with an interest in Canada. Our goal is twofold: firstly, to actively promote Canadian business and social exchanges and secondly, to provide interested Canadian investors with the benefit of our combined experiences in the region. We work closely with the Canadian Consulate General in Guangzhou and encourage you to call on us at any time.

We have attempted to position this publication as a simple yet practical guide and would welcome your thoughts and comments. This edition will be updated at least annually and you are invited to submit any material or information that our readers and members may find useful, including publicizing your activities.



Dale Ward
Chairman, Canadian Business Forum in Guangzhou
Director and General Manager, Bank of Montreal, Guangzhou

Map of China



- ★ Beijing, location of the Canadian Embassy
- Cities with Canadian Consulates General and Consulates

Consulate General of Canada - Guangzhou

Trade and Economic Section

Who We Are

We are a team of Canadian Trade Commissioners and locally engaged Commercial Officers promoting Canadian goods and services exports, international business opportunities and investment to Canada in the four southern Chinese provinces of **Guangdong, Guangxi, Fujian and Hainan**. Our offices work closely with the Canadian Embassy in Beijing and the Consulates General in Shanghai and Hong Kong to expand Canada's business links with China.

Our Trade Priorities

Our sector priorities, established through the Canadian International Business Strategy are:

- Building products and construction services
- Agricultural and food products
- Information technology, including telecommunications and computer software
- Environmental services and equipment
- Infrastructure, particularly power/energy and transportation

How We Can Help You

- We can match Canadian clients to local partners through our local contact networks.
- We can provide guidance to Canadians on local business practices, financial and legal services, business trends, reputable agents, distributors and partners and make introductions through associations and other networks.
- On a cost-recovery basis, we can organize seminars, participation in trade fairs or organize other events to showcase Canadian products or services.
- We can also provide contacts and costs for translation, event organizers and other professional business, legal and financial services.

How You Can Help Us

To provide effective and professional advice to our Canadian clients, we require:

- a detailed business profile, including reference to current export activities and strategy
- 5 to 6 "sales pitch" points we can use to describe your product or service
- specific questions you would like answered or information you require from us. Be precise.

Our Service Standards

Clients can expect the following service standards from our offices:

- All clients will receive a response
- Telephone calls from the region returned within one working day and from Canada within two working days (time difference)
- Faxes, e-mail messages and letters answered within five working days
- All Canadian clients who arrive without an appointment can expect to meet a staff member.

OUR TEAM IN GUANGZHOU

Consul General - Mr. Paul S. H. Lau

Consul and Trade Commissioner - Mr. Robert McDowell

Commercial Officers: Mr. Robert Zhang, Ms. Fay Wu, Ms. Cathy Yao

Ms. Fenny Sun, Ms. Carmen Xiong, Ms. Chandra Mark

Tel: (86-20)8666-0569 Fax: (86-20)8667-2401

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South China

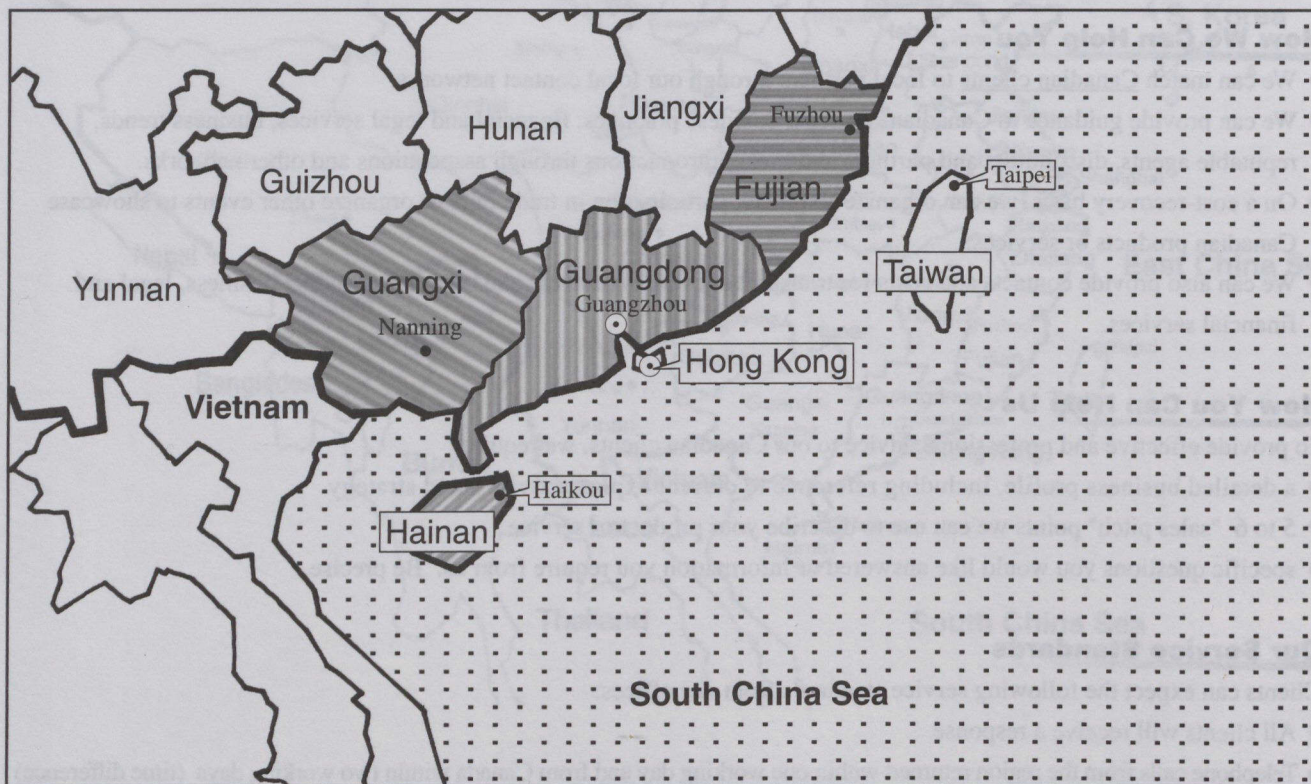
China's leading province in trade, **Guangdong** is the nation's wealthiest consumer market and the largest market for infrastructure.

With abundant forestry, mineral resources, and hydro-electricity, **Fujian** is the key recipient of new overseas Chinese investments.

Among the top ten destinations of foreign investment, **Guangxi** is one of China's fastest growing areas.

The hottest and the youngest province in China, the entire province of **Hainan** is a Special Economic Zone!

Map of South China



SOUTH CHINA STATISTICS

Total Area: 563,700 sq. km. Total Population: 155 million

Total Imports: Cdn\$ 87 billion Total Exports: Cdn\$ 100 billion

Actual Foreign Investment as of 1996: Cdn\$ 193 billion (47% of national total)

Total GDP: Cdn\$ 195 billion Average Annual GDP Growth: 11%

South China is the home of all of China's Special Economic Zones:

Shenzhen, Zhuhai, Shantou, Xiamen, Hainan

Guangdong Map



BUSINESS ENVIRONMENT

Guangdong is located in the southern part of China, bordering the South China Sea. It has a land area of 178,000 square kilometres and a population of over 70 million. Guangdong's subtropical climate and plentiful rainfall provide favourable conditions for agriculture, including the production of rice, sugar cane and fruit. The major dialect spoken is Cantonese, but a sizeable minority of the population speaks the Chaozhou dialect. The official language is standard Mandarin (Putonghua).

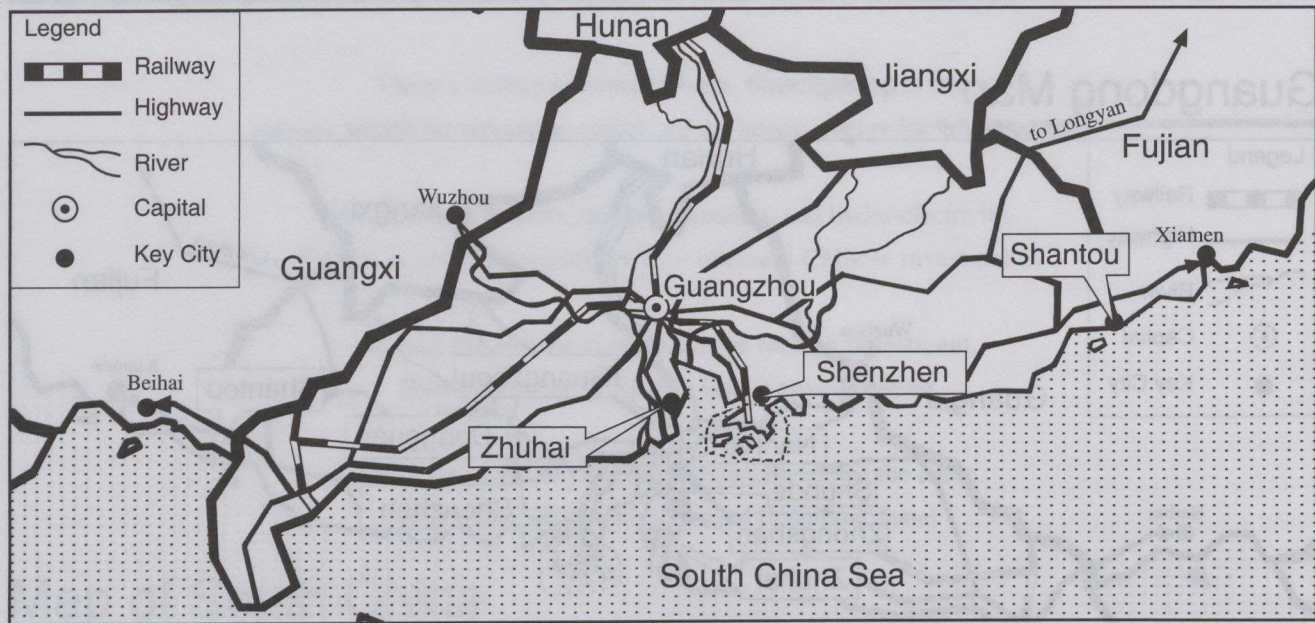
The **Pearl River Delta** is one of the richest agricultural areas in China. Over the past years, it has developed into a dynamic region heavily involved in the manufacture and processing of light industrial products for export abroad.

Foreign investment and export processing zones were initially concentrated in the three **Special Economic Zones (SEZ)** where industrialists and exporters, foreign or local, are given special privileges in doing business. Guangdong's Special Economic Zones are **Shenzhen**

(directly north of Hong Kong), **Zhuhai** (north of Macau) and **Shantou**, on the eastern coast. The Special Economic Zone designation was announced in 1980, and the SEZs quickly became showcases of economic development, fuelled to a large degree by Hong Kong investors. China has two other Special Economic Zones (**Xiamen**, in Fujian Province, and the province of **Hainan**).

The **Open Economic Area of the Pearl River Delta** was designated in February 1985, and this area, encompassing the counties of **Dongguan, Nanhai, Shunde** and **Zhongshan**, is now an extremely prosperous region of Guangdong - these counties are known as the "4 Little Tigers" of Guangdong. Like the SEZ's, they have benefitted from Hong Kong investment, but they have also developed high technology zones and township enterprises which have made them attractive as joint-venture partners to many multinational corporations.

Special Economic Zone Map



FOREIGN INVESTMENT

Foreign investment has been mainly directed to **Guangzhou**, the Pearl River Delta Open Economic Zone, the Special Economic Zones of **Shenzhen, Shantou** and **Zhuhai**, and the port city of **Zhanjiang** on the western border.

Apart from SEZs, the State Council has also mandated two Economic and Technological Development Districts, one in Guangzhou near the deep seaport at **Huangpu**, and the other in **Nansha** at the tip of the west bank of the Pearl River Delta.

Located in the Guangzhou Economic and Technological Development District (GETDD) of Huangpu is Kingwell Material Company, which has a joint venture with Quality Vending Machines of Winnipeg. It is the only successful Canada-Guangzhou project in the consumer field. The Guangzhou Malt Processing Plant in the District imports 60% of its barley from Alberta, Saskatchewan and Manitoba. Also located in the GETDD is the Construction Material Exchange Centre which could potentially be a key entry point for Canadian construction material exporters into South China.

At the mouth of the Pearl River Delta, approximately 90 kilometres southeast of Guangzhou, is the Nansha Economic Development and Technological Zone. Since its foundation in 1992, the Zone has attracted foreign investment of Cdn\$ 1.99 billion and over 200 projects, including one from Canada's Husky Corporation. The Nansha port has also been given an advance designation as a "first class open port".

To Hong Kong investors, the nearby Pearl River Delta is a convenient production base due to strong cultural ties, low wages and land costs. Hong Kong has therefore been the number one source of foreign investment, accounting for over 80% of over Cdn\$ 42 billion of foreign investment in the province in the past 15 years. Most of Hong Kong's labour-intensive production of garments, toys, electronics and watches has moved across the border. Taiwan has been the second source of foreign investment to the province, followed by Japan, the USA and other countries.

Canadian investment in Guangdong from 1987-1996 totalled Cdn\$ 327 million dollars. The Northern Telecom plant in Shunde is the major Canadian investment in the province.

The Shenzhen Stock Exchange (opened in 1990) was China's first stock exchange since 1949. It has now been eclipsed in size and importance by the Shanghai Stock Exchange, but Shenzhen continues to play a regional role in raising capital, and has recently signed a "co-listing" agreement with Singapore. Chinese stocks are marketed as either "A" shares or "B" shares ("B" shares are the only ones that can be purchased by foreigners). Listings are controlled by the China Securities Regulatory Commission, based in Beijing.

TRADE ACTIVITIES AND OPPORTUNITIES

Guangdong's foreign trade accounts for 40% of China's total, amounting to Cdn\$ 186 billion in 1997, up 18.3% from 1996. As the nation's top producing province, its exports are equivalent to approximately 100% of the province's gross industrial output. As well, Guangdong was the top recipient of capital invested by foreign partners in registered foreign funded enterprises, receiving 34% of the national total (Cdn\$ 139 billion out of Cdn\$ 414 billion) as of the end of 1996. In 1996, Guangdong had the highest number of foreign invested enterprises (60,597 enterprises with total investment of Cdn\$ 307 billion), the highest amount of foreign capital utilized (Cdn\$ 10 billion), and the highest value of import/export goods of foreign funded enterprises (Cdn\$ 86 billion).

Over the past decade, the population of Guangdong has experienced a substantial improvement in living standards, and a high growth rate, which averaged 11% in 1997. The per capita income has risen steadily and, as a result, the people of Guangdong enjoy better diets and greater purchasing power for durable consumer goods. In 1996, Guangdong's retail sales of consumer goods ranked the highest in China at Cdn\$ 44 billion. The total retail sales volume for Guangdong grew 13% from 1996, ranking first in China for 15 consecutive years.

In 1997, per capita annual incomes averaged RMB 8,299 (Cdn\$ 1,456) for city dwellers, and RMB 3,363 (Cdn\$ 590) for the countryside. In the same year, GDP per capita for Guangzhou and Guangdong reached RMB 24,111 (Cdn\$ 4,230) and RMB 10,078 (Cdn\$ 1,768), respectively. Guangzhou's total 1997 GDP was over RMB 160 billion (Cdn\$ 28 billion), ranking second out of China's ten major cities. In terms of total GDP, Guangzhou ranked third in the nation behind Shanghai and Beijing in 1997. It is forecast that Guangzhou's GDP per capita for the years 2002 and 2010 will be Cdn\$ 7,150 and Cdn\$ 14,300, respectively. **By 2010, Guangdong province is expected to reach the level of a medium developed country, with GDP of RMB 2,217 billion (Cdn\$ 389 billion) and per capita income of RMB 27,713 (Cdn\$4,862).**

CANADA-GUANGDONG TRADE LINKS

Precise Canada-Guangdong trade is difficult to measure accurately, but estimates indicate approximately Cdn\$ 159 million worth of Canadian goods were sold to Guangdong in 1996. Among these were turn-key plants, telecommunications equipment, chemicals, fertilizers, wood, steel and particle board. The Canadian International Development Agency's (CIDA's) Industrial Co-operation Program has supported a number of Canadian businesses in Guangdong. In 1996, Guangdong exported Cdn\$ 140 million to Canada (source: Chinese official statistics).

Canada also has academic links in Guangdong. In 1994, the Alcanta International School, the first Canadian/Chinese joint venture boarding school, was established, offering Chinese and English curriculum from kindergarten to grade 12. The school is located in the city of Shunde, in the Pearl River Delta region, and has over 1000 students.

Much potential exists for Canada to increase trade and investment activity, especially in the following areas:

1. Telecommunications

With rapid information exchange being critical to competitiveness, Guangdong must develop a first-rate communications network. Guangdong authorities have recently proposed an aggressive program of expansion for the province's telecommunications system.

Canada has been able to capitalize on this opportunity. Northern Telecom has invested substantially in China and apart from its newly opened plant in Shunde (manufacturing switching equipment), it also has a plant in Shekou (producing PBX's), and a research laboratory at Zhongshan University in Guangzhou. Other Canadian telecom manufacturers who have set up operations in Guangdong are Harris, Evans Technology, Glenayre and Newbridge.

2. Roads

Instead of relying solely on state budget allocations and foreign soft loans, Guangdong has been willing to adopt free market mechanisms in its infrastructural development and has been the biggest beneficiary of overseas Chinese money. Nonetheless, with traffic volume on its roads growing 30% per year, Guangdong is losing the infrastructural race. **Over the next 20 years, the province's plans include adding 2,200 kilometres of railways, 3,300 kilometres of highways and 611 marine berths.**

3. Airports

The aviation sector is growing rapidly to meet increased demand. Many airport projects are in various stages of planning or expansion requiring equipment and services. CAE has supplied two flight simulators for the 737 and 757 to China Southern Airlines flight training centre in

Zhuhai, which opened in November 1992; and in 1994, a new state-of-the-art simulator for the Boeing 777.

CIDA has also been actively involved in promoting the transportation sector through the following activities:

National Airspace Study on Guangzhou

Hughes Aircraft of Canada Limited (Richmond, BC) received support from CIDA Inc. to prepare a National Airspace Study on Guangzhou.

The Civil Aviation Authority of China (CAAC) has a five year budget of approximately Cdn\$ 143 million to support the modernization program which will establish three en-route air traffic control centres in Guangzhou, Shanghai and Beijing over the period 1995-1999. The first major project in this series will be the establishment of a Cdn\$ 29 million centre in Guangzhou.

4. Energy

Guangdong, a major energy consumer, lacks coal and exploitable water power resources. Gross industrial output has been rising faster than power output. Electrical generating capacity is still below demand.

Ambitious plans therefore are to add power generation capacity of 70 million kilowatts,

including five nuclear power plants, over the next 20 years.

The province has been trying to find innovative solutions. In addition to planning for development of joint venture thermal and nuclear power plants, Guangdong is working with the neighbouring provinces of Guangxi, Guizhou and Yunnan, which have substantial energy reserves but less critical demands, to develop power resources.

CIDA's involvement in the energy sector in South China has been to assist firms, such as Monenco Agra,

to better understand and pursue these opportunities. Monenco Agra Inc. has been selected by CIDA as the executing agency for the South China Power Studies and the Strategic Energy Planning for Southern China projects.

5. Environment

Guangdong's environment is deteriorating and needs prompt attention to soften the consequences of serious pollution problems. The burning of coal and the resulting severe acid rain has caused significant economic losses. The low cost factories in the Pearl River Delta, which are fuelling the explosive growth, are at the same time pumping tons of industrial and chemical waste into the river. Resolving the problem of waste water is a major concern.

Over the past two years, a very extensive Canadian trade promotion strategy for the environmental sector has been implemented, involving regularly scheduled events and activities, such as environmental seminars in Guangdong and Canada, and reciprocal site visits. A Memorandum of Understanding was signed by the Guangdong Environment Protection Bureau (GDEPB) with the province of Alberta and with several Quebec companies for co-operation on various projects. Canada participated in GDEPB's first exhibition, Environment China 94, in Guangzhou in June 1994. Key GDEPB contacts also attended an environmental conference in Toronto in the fall of 1994, followed by a visit to Vancouver for additional meetings. Two delegations from Guangdong (one from GDEPB, and one from the Guangzhou Environmental Protection Bureau) visited Globe '96 in Vancouver, and participated in site visits to several Canadian environmental technology firms. As well, representatives from Shenzhen attended Globe '98.

In December 1997, Richway Environmental Preservation Co. Ltd. of Vancouver signed a RMB 86 million (Cdn\$ 15 million) contract for a municipal waste incineration and power generation plant at Long Gang District in Shenzhen.

6. Agri-Business

As befits a province with such a strong agricultural base, the agri-business sector in Guangdong has seen a dramatic expansion, with a proliferation of companies supplying fresh food (meat and vegetables) to markets in Hong Kong, and processed food products all over the world. **Canadian companies are active in the promotion of retail consumer food products, such as value added processed foods (Neilsens, McCains). Sales of grain commodities have increased (particularly Canadian barley for malting) at pace with the growing demand for beer production. Poultry raising, fruit juice production and feed mills are other areas of Canadian involvement.** Activities planned for this sector include food promotions and co-operation with food wholesale outlets in Guangdong to introduce additional Canadian food items and brands. Specifically, Guangdong presents several gateways to the nation for agri-food products, such as Shantou (for ginseng) and Dongguan (for apples, cherries). A Canadian operated company, Yarley Developments Co. Ltd., owns and operates farms in various parts of China and is always looking for new, high quality seeds, small farm machinery suitable for small plots, and agricultural expertise.

7. Construction Materials

Guangdong's rapid economic growth has led to a sustained boom in the construction industry, and the Ministry of Construction estimates that purchases of imported/domestic building materials and equipment will reach Cdn\$ 143 billion in the next five years. **There has been, on average, 20% annual growth in the sector**

since 1990, and in 1997 the sector's industrial output in the province reached Cdn\$ 5.9 billion, making it the largest construction materials market in China. Approximately one third of construction projects in Guangdong are joint ventures with foreign partners, many of whom are Hong Kong-based developers. Although transitting Hong Kong has been the traditional method of importation, the pattern of sales to Guangdong has become more complex, with the addition of numerous wholesale markets and distribution centres, and more joint venture companies involved in local manufacturing. **Canadian companies are very active in this sector, and have participated in trade shows and technical seminars (Building South China is held every year in Guangzhou).** A market study was commissioned for the sector and is available through the Consulate General in Guangzhou.



Areas of Opportunity:

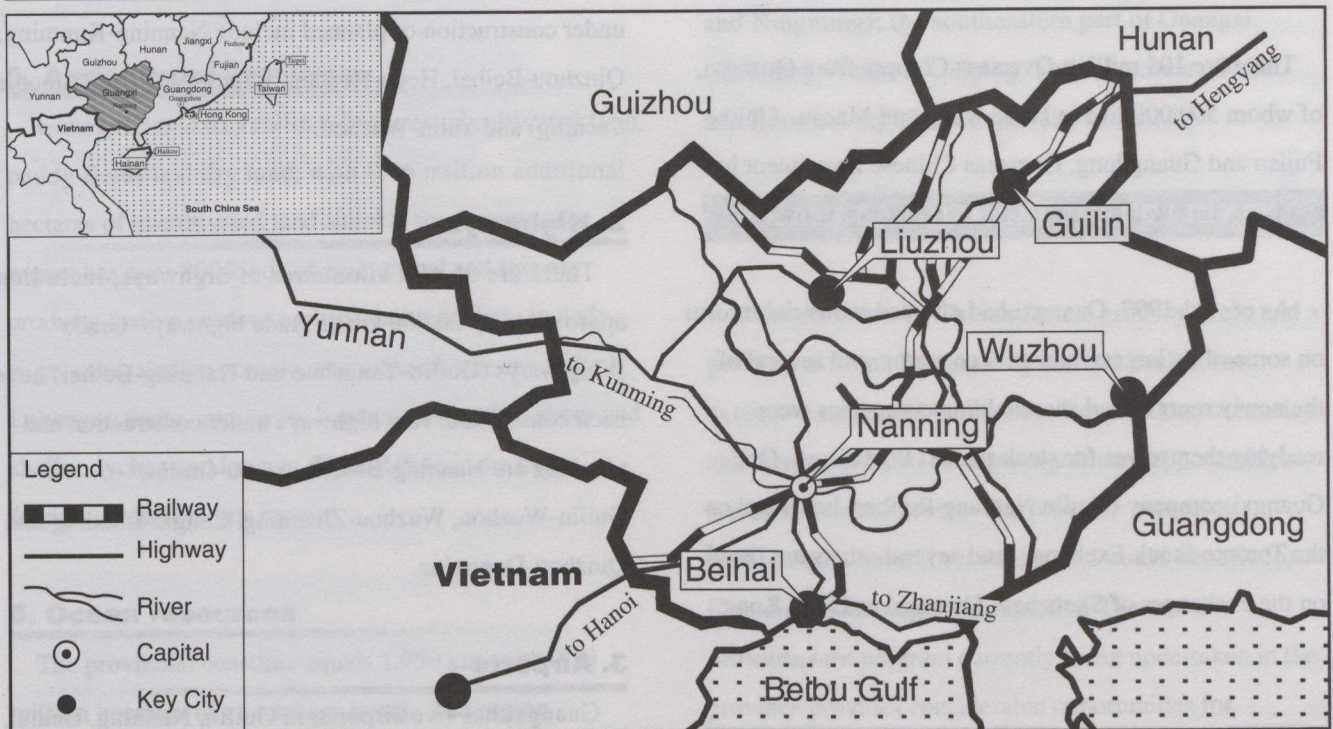
- Infrastructure
- Telecommunications
- Information Technology
- Environment
- Waste water management
- Energy, Power Generation
- Agri-business
- Construction materials
 - Interior decoration

BUSINESS ENVIRONMENT

Located in the southern part of China, the **Guangxi Zhuang Autonomous Region** borders Guangdong, Yunnan, Guizhou and Vietnam. Its total area is over 230,000 square kilometres, with a population of 45 million. **Guangxi Zhuang Autonomous Region** is one of China's five Minority Autonomous Regions, and is inhabited by several nationalities, with at least 12 separate dialects.

Guangxi is one of China's fastest growing regions. In 1997, Guangxi reported record high levels of exports and overseas investment. Official statistics show that Guangxi's exports rose 9.7% to Cdn\$ 4.38 billion, while its actual use of overseas investment surged 23.5% to Cdn\$ 1.8 billion. Also in 1997, Guangxi registered a 117% increase in its value or contractual overseas investment,

Guangxi Map



Nanning, Liuzhou, Wuzhou, Beihai and Guilin are Guangxi's major cities. Nanning is the capital, with a population of 2.6 million. Guilin is famous as a tourist destination, and Beihai is quickly becoming a leading port and investment centre as well as a popular tourist destination. Liuzhou is famous as a centre for heavy industry, including the Wuling Automotive Works. Wuzhou is an important inland port, with access to the Xijiang and Pearl Rivers.

with the total amount reaching Cdn\$ 2.1 billion. In 1996, GDP was RMB 182 billion (Cdn\$ 32 billion), a 10.6% growth from the year before, continuing the upward trend begun in 1990. Since then, Guangxi has risen from being a "have not" province (ranked 29th out of 33 in China) to mid-way point (now ranked 15th out of 33). Per capita income in 1996 was RMB 4,879 (Cdn\$ 856) for urban residents, and RMB 1,653 (Cdn\$ 290) for rural residents.

FOREIGN INVESTMENT

Guangxi is one of the top destinations of foreign investment in China, absorbing Cdn\$ 1.8 billion in 1997. Hong Kong is a major investor, followed by ASEAN countries, Taiwan, Japan, U.S.A. and the EU. There are over 2,500 Sino-foreign equities, contractual joint ventures and exclusively foreign owned enterprises. Customers and firms of 22 countries and regions have invested in Guangxi, mainly in the areas of light industry, textile, garments, transportation, food stuff, machinery, electronics, agriculture, building materials, tourism and real estate.

There are 105 million Overseas Chinese from Guangxi, of whom 500,000 live in Hong Kong and Macau. Unlike Fujian and Guangdong, Overseas Chinese investment has not been the predominant factor in economic growth.

As of mid-1997, Guangxi had effected industrial reform on some of its largest industrial concerns, and several of the newly reorganized shareholding companies were readying themselves for stock market floatations. One Guangxi company (Guilin Nanfang Rubber) has listed on the Toronto Stock Exchange, and several others are listed on the exchanges of Shenzhen, Shanghai or Hong Kong.

TRADE ACTIVITIES AND OPPORTUNITIES

In Guangxi's 1997 total exports of Cdn\$ 4.38 billion, the commodities exported included canned goods, live pigs, sugar, fireworks, antimony regulus, cassia bark, aquatic products, cotton, textiles, bamboo wares, cement, etc. Other exports were rice, poultry, tea, star aniseed oil, Chinese medicine, tungsten ore, talcum, granite stone materials, building materials, etc.

Imports in 1996 totalled Cdn\$ 1.24 billion. Over half of all imports were destined to Foreign Invested Enterprises, with industrial raw materials accounting for approximately 48%, agricultural raw materials 30% and machinery equipment 22%. The major imported items were fertilizer, diesel and crude oil, vehicles, chemical raw materials, steel products, cotton and paper pulp.

1. Railways

There are 2,291 kilometres of railways. The major lines link Hunan, Hubei, Guizhou, Yunnan and Guangdong provinces, the port of Fangcheng, Beibu Gulf and the city of Pingxiang (on the border with Vietnam). Railways under construction or planned include Nanning-Kunming, Qinzhou-Beihai, Hepu-Hechun, Litang-Zhanjiang (double tracking) and Yulin-Wuzhou.

2. Highways

There are 36,600 kilometres of highways, including approximately 20,000 km of grade highways. Grade B highways (Guilin-Yangshuo and Nanning-Beihai) have been constructed. Key highways under construction and planning are Nanning-Bose, Liuzhou-Guilin, Guilin-Wuzhou, Wuzhou-Zhaoqing, Cengxi-Luoding and Qinzhou-Dongxing.

3. Airports

Guangxi has five airports, in Guilin, Nanning, Beihai, Wuzhou and Liuzhou, with the main local carriers being China Southern Airlines and China Southwest Airlines. The new Guilin International Airport is a first-grade airport, and was opened on October 1, 1996. Airport modernization/expansion projects are underway for Beihai airport and Nanning airports, and new airports are planned for Yulin and Wuzhou.

4. Ports

Ports at Beihai and Fangcheng are under expansion. The port of Beihai has five deepwater docks over the 10,000-metric ton level; the port of Fangcheng has eight such docks, being one of the four largest ports in South China. Both ports have established economic relations and trade ties with nearly 100 countries and regions, and both have major expansion projects underway.

Construction of the Three Gorges Dam will alter the shipping patterns of the Upper Yangtze, and Guangxi's ports have been designated for major expansion so that they can handle diverted cargo traffic from the southwest provinces of Yunnan, Guizhou and Sichuan.

5. Agricultural resources

Guangxi has 2.613 million hectares of cultivated land, paddy fields and dry land, with 0.46 million additional hectares of uncultivated land suitable for farming. The region has over 800 kinds of agricultural and forestry products, native produce and specialities. These include sugar cane, shatian pomelo, star aniseed, star aniseed oil, Lohanguo fruits, gum resin, banana, pineapple, rubber and shellac, lychee and longan. Dole (USA) is the major foreign investor in this sector.

6. Ocean resources

The provincial coastline equals 1,959 km, with 0.19 million hectares of coastal sea beach. The region produces pearls, shrimp/shellfish, oysters and other rare aquatic products, with over 500 varieties of ocean fish. Pearl fishing is a major industry, with South Sea Pearls an important export item.

7. Petroleum

There are rich offshore deposits containing natural gas and petroleum oil in Beibu Gulf. To date, China National Offshore Oil Corporation has signed 25

contracts with 31 oil companies vying for exploration rights in this area.

8. Water energy resources

There are 937 small-to-large rivers with rainfall catchment area of approximately 50 square kilometres. The main rivers are the Li and the Pearl.

9. Tourism resources

The tourism zones opened to the public are Guilin (including the tourism spots of Yangshuo, Xingan and Longsheng); Liuzhou (including Rongshui, Jinxiu and Sanjiang); Nanning (including Wuming, Longan, Congzuo and Ningming); the southeastern part of Guangxi (including Wuzhou, Guiping, Yulin, Luchuan, Beiliu and Rong county); Binhai (the city of Beihai).

CANADA-GUANGXI TRADE LINKS

Guangxi is one of China's fastest growing areas and a gateway to South East Asia by sea and land. It has extensive trade and investment ties to Asian countries and there could also be many significant opportunities for Canadian businesses. The province possesses considerable natural resources and could benefit from Canadian technology and expertise. The massive infrastructure program currently being undertaken in the province provides considerable opportunities for Canadian architectural, engineering, communications and transportation firms.

Guangxi's most pressing development obstacle is a shortage of capital. As one of China's less developed provinces, it has benefitted from World Bank, Asia Development Bank and Overseas Economic Cooperation Fund (OECF) funding in the past, and is trying hard to maximize its capabilities. OECF funding was recently earmarked for environmental projects centred in Liuzhou.

Canada and Guangxi have a modest network of business contacts. While Guangxi has twinning relationships with a number of provinces or states overseas, (eg. Japan's Kumamoto), there is no such arrangement with Canada. Guangxi is eager and willing to pursue a twinning partnership with Canada. The City of Montreal has been involved in exchanges and in environmental protection in Beihai.

Canada exports to Guangxi rose to an all-time high in 1996 (Cdn\$ 37.2 million) with the increase over 1995 figures (Cdn\$ 8.37 million) due to sales of machinery, chemical equipment, telecommunications equipment and fertilizer (potash). Guangxi's exports to Canada traditionally consist of canned goods, garments, shoes and other light industrial goods, and generally average Cdn\$ 7.15 million per year.

Canadians have invested in 44 projects in Guangxi, for a cumulative total of Cdn\$ 82.9 million. These investments are in food processing, chemical processing, garments and mining ventures.

Through support from CIDA, some Guangxi academics and professionals have received training (eg. hydro-power sector) in Canada in recent years.

CIDA projects have included:

(1) South China Power Studies (Phase II)

Working with the Electrical Power Planning and Engineering Institute, the project is active in Yunnan, Guangxi, Guizhou and Guangdong. Emphasis is on planning and implementing major electric resource developments, system transmission networks and regional interconnections. The project also addresses the

mitigation of the environmental effects of energy generation and transmission.

(2) Strategic Energy Planning for South China

Working with the Ministry of Electric Power, this project transfers appropriate processes and techniques to develop a comprehensive strategy to provide power and coal to South China. Canada is providing technical assistance in planning and studies, training, equipment and materials.

(3) Potash Agronomic Development Program (Phase III)

Working with the Ministry of Agriculture, this project is managed by the Potash and Phosphate Institute of Canada, aiming to improve agricultural production by identifying potash-deficit areas and fostering increased knowledge (through research and training) of the application of potash.



Areas of Opportunity:

- Tourism development
- Food processing
- Energy (including nuclear) and power project equipment and services
- Infrastructure, transportation equipment and services
- Hydrology management
- Environmental protection technology, equipment and services
- Forestry, management techniques and training

Fujian Map



BUSINESS ENVIRONMENT

Fujian province is located in the southeastern corner of the People's Republic of China. Fujian has a total area of 121,700 square kilometres and a population of 32 million, over 95% of whom are of the Han ethnic group. Its climate is subtropical with mild temperatures and moderate rainfall. Its relatively small population base and proximity to Taiwan have provided a unique set of challenges to development.

Since 1978, Fujian's annual GDP growth has averaged 14.5%, making it the 10th largest economy out of China's 30 provinces and regions.

It's per capita GDP ranks number 8. Fujian's economy in the period prior to 1978 had been heavily oriented towards agriculture, with comparatively less investment in industry.

Fujian has abundant forestry, mineral and hydroelectric resources. It is a major producer of sugar cane, tea and various subtropical fruits and vegetables. Fujian's industrial base consists primarily of small-scale light industry such as textiles, shoes, electronics, food processing and consumer durables. Tourism, both domestic and international, is another important source of revenue.

Of Fujian's 14% GDP growth in 1996, agriculture grew at 10%, industry at 18.5%, and service industries accounted for 35%. Inflation averaged 4.5%, with the consumer price index at 5.9%. In 1996, per capita incomes rose to RMB 4,794 (Cdn\$ 841) for urban residents and RMB 2,417 (Cdn\$ 424) for rural dwellers (8% growth over 1995).

Fujian is in the midst of a series of economic reforms of the state sector. In 1996, non-state owned enterprises produced 80% of Fujian's industrial output, with some localities averaging a very high 98% from the private sector (certain areas of Fujian are particularly famous for Township Village Enterprises (TVE) corporations, or companies run by individual entrepreneurs). In 1996, there was a 25% increase in the output value of non-state owned enterprises, while state-owned enterprises only grew at a rate of 3%.

In 1996, 88 state owned enterprises in Fujian were "restructured" into shareholding companies, 5 of which went on to listings on either the Shenzhen or Shanghai Stock Exchanges. Most of these companies are small to medium sized, encompassing such sectors as petrochemicals, electronics, light industries, food processing, and tourism. In addition to the management and ownership reforms of such "restructuring" exercises, administrative units for certain enterprises and commodities are also being transformed into shareholding companies.

FOREIGN INVESTMENT

After Guangdong and Jiangsu, Fujian is the third largest destination of foreign investment in China, absorbing some 10% of the national total. In 1996, Fujian derived 20% of its GDP and 58% of its exports from foreign-funded enterprises. According to official statistics, Taiwan and Hong Kong are Fujian's largest investors, followed by ASEAN countries, Japan and the USA. The average size of foreign investment in Fujian is Cdn\$ 4.7 million. Restrictions placed on investments in China by Taiwan are factors which limit the size of

foreign investments. As well, an interesting characteristic of foreign investment in Fujian is the overwhelming percentage of which are Wholly Foreign Owned Enterprises (WFOE's), which make up 71% of total foreign investments. The relatively small scale of these investments and the eschewing of joint ventures indicate that family-linked investments are very significant.

Fujian's economic "take off" point appears to have been decisively reached, thanks largely to investment from the Fujianese diaspora, most notably in Taiwan.

In 1980 Xiamen was designated as a Special Economic Zone. With a population of 1.23 million (1996 figure), it is now Fujian's most developed area and has economic ties with some 140 different countries and regions. The provincial capital, Fuzhou (population 5.7 million), has been an **"open economic city"** since 1984 and has an **Economic and Technological Development Zone** located around its port of Mawei. Other developed areas include the coastal towns of Quanzhou, Zhangzhou and Putian which were designated as the **Southern Fujian Delta Open Economic Area.**

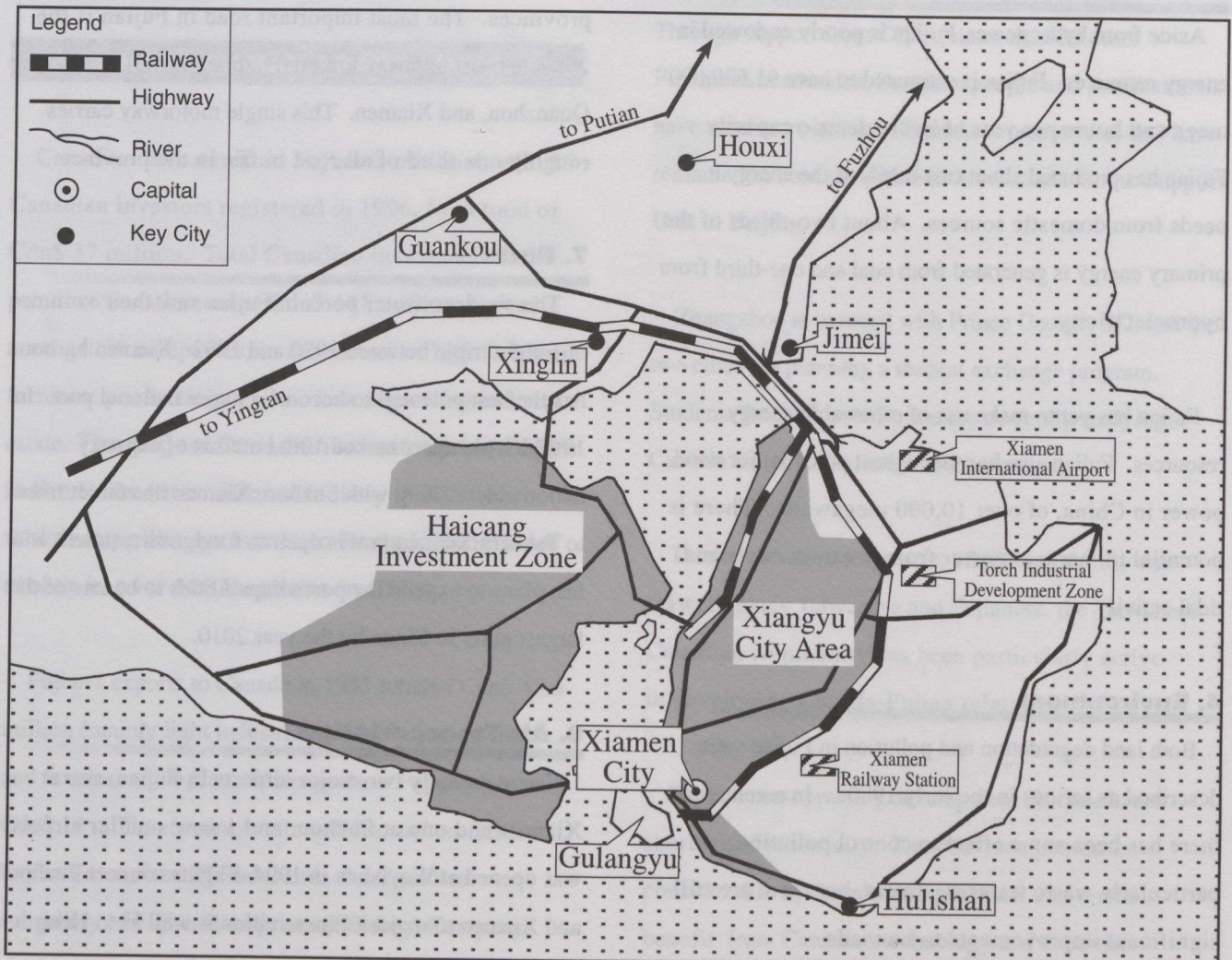
The province is now awaiting the next stage in its development, which will be direct transportation links with Taiwan. Unofficial links are already well established. Official cross-Straits trade, via circuitous third country routings, has been developing extensively, reaching over Cdn\$ 28.6 billion in 1996, and limited direct shipping links were established in May 1997 between the ports of Xiamen and Fuzhou and the Taiwan port of Kaohsiung.

TRADE ACTIVITIES AND OPPORTUNITIES

Since the start of China's economic reforms in 1978, Fujian has experienced rapid export expansion, based primarily on agricultural production. By 1996, Fujian's exports had increased to Cdn\$ 14.3 billion (a 7% rise compared to 1995) and consisted primarily of canned and processed food products, textiles, electronics and handicrafts. Fujian is China's 5th largest exporting province, after Guangdong, Shanghai, Jiangsu and Shandong. **Foreign Invested Enterprises (FIE)** contributed over half the export figure (Cdn\$ 8.3 billion) and the Xiamen SEZ alone contributed Cdn\$ 5 billion.

Xiamen Special Economic Zone is Fujian's economic hub, and has been the primary focus of foreign investment. Over the past five years Xiamen has utilized over Cdn\$ 9 billion of overseas investment. In 1997, Xiamen's imports and exports were the 4th largest among China's cities and per capita GDP in Xiamen reached RMB 26,841 (Cdn\$ 4,709). Fuzhou, Quanzhou, and Zhangzhou have all developed rapidly. Fuzhou has an international airport project planned and is expanding its large-scale port facilities, while significant investment is being undertaken to improve road and rail links to Quanzhou and Zhangzhou. Fujian's coastal ports handled a total of 2.8 million tons of cargo in 1996, including exports of Cdn\$ 930 million.

Xiamen SEZ



1. Agriculture

Fujian is an important province for forestry and fishery, boasting a forest coverage rate of 57.3% and half of the fish species in China. Fujian is the third largest producer of forest products and has imported forest machinery and equipment from overseas.

2. Minerals

More than one hundred minerals are found in Fujian, including tungsten, iron ore, aluminium ore, copper, lead and zinc. In the coastal waters of Fujian there are also considerable mineral deposits for development, including zirconium, monazite, rutile, other titanium-based ores, glass sand and moulding sand.

3. Energy

Aside from hydropower, Fujian is poorly endowed in energy resources. Fujian is estimated to have 91,620,000 megawatt hours per year of hydroelectric capacity. Fujian has produced about two-thirds of the energy it needs from domestic sources. About two-thirds of the primary energy is generated from coal and one-third from hydroelectricity.

Fujian has yet to make use of renewable energy resources. Fujian also has the highest potential for wind power in China, of over 10,000 megawatts. There is potential to harness power from ocean currents and tidal activity.

4. Environment

Both land degradation and pollution in Fujian were described as serious in the early 1980s. In recent years there has been some effort to control pollution, particularly waste water treatment, but there are still significant improvements to be made.

5. Railways

The four major railways are Yingtian-Shaowu-Xiamen (693 km), Waiyan-Fuzhou-Mawei (193km), Zhangzhou-Longyan-Kanshi (56 km) and Meishuiken-Quanzhou (194 km). There is only one rail link between the Fujian network and the rest of China. Twenty major municipalities and counties are linked by railway.

6. Roads

With rugged terrain limiting the expansion of both railways and the limited inland waterway network, roads have played a crucial role in Fujian. The density of roads is second only to Guangdong province and the system is vital in making up for deficiencies in the railway network. All county capitals along Fujian's borders have roads linking them to neighbouring provinces. The most important road in Fujian is the 298-km coast highway linking Fuzhou, Mawei, Putian, Quanzhou, and Xiamen. This single motorway carries roughly one-third of all road traffic in the province.

7. Ports

The six deep water ports in Fujian saw their volume of freight triple between 1980 and 1992. Xiamen harbour has the best potential to become a major national port. In 1997 Xiamen port ranked 10th in terms of capacity nationwide. Along with Fuzhou, Xiamen has direct lines to Taiwan. Xiamen port is open to foreign investment and has plans to expand the port's capabilities to be one of the largest ports in China by the year 2010.

8. Air Transportation

There are only two major airports in Fujian, one at Xiamen and one at Fuzhou, and a new smaller airport was opened at Wuyishan in 1994. Flights connect Fuzhou and Xiamen to major Chinese cities as well as to Hong

Kong, Manila and Singapore.

Hainan Map

Facilities at Xiamen have been improved since the airport was renovated. A Canadian architectural firm, B+H International, designed this award-winning airport. The potential for further regional (i.e. Taiwan) and international air services at Xiamen is significant.

9. Telecommunications

Fujian plans to invest RMB 9.69 billion (Cdn\$ 1.7 bilion) in 1998 to upgrade its telecommunications sector. Approximately RMB 3.4 billion (Cdn\$ 600 million) will be used to increase service to mobile phone users. A substantial amount of the remaining planned investment will go to expanding and improving Fujian's digital, multi-media and internet systems.

CANADA-FUJIAN TRADE LINKS

Canadian investment in Fujian is minimal, with 10 Canadian investors registered in 1996, for a total of Cdn\$ 37 million. Total Canadian investment in the province is estimated at Cdn\$ 141 million, spread amongst 56 companies, in the sectors of light industry, furniture production, textiles, flower growing and real estate. **The largest Canadian investment in Fujian is the Ports International factory in Xiamen, which supplies garments to Ports International stores in over 123 locations in China.**

Fujian's exports to Canada in 1995 totalled Cdn\$ 48.6 million (mainly light industrial goods, including shoes and textiles) while Canadian exports to Fujian were only Cdn\$ 14 million (mainly commodities such as fertilizer). Fujian Enterprises (Canada) Ltd., the Canadian subsidiary of Fujian Enterprises (Holding) Company,

was established in Vancouver in 1988. It is a wholly owned subsidiary which deals in timber, pulp, building materials and real estate projects.

Canada and Fujian have a well-developed network of academic contacts.

Dalhousie University has links to Xiamen University's MBA school, McGill University sends summer students to language courses at Xiamen University and the CGA offers courses at Xiamen University. Nearby Lujiang University has an exchange program with the British Columbia Institute of Technology.

Fuzhou University has a Canadian Studies Centre and its director, a noted Canadianist, has published several volumes on Canada and Canada-Fujian relations. Through support from CIDA, more than 30 other Fujianese academics, business people and professionals have received training in Canada in recent years and have remained in contact with CIDA's Canada-China Support Unit in Beijing.

Zhangzhou is twinned with Prince George, BC, and the two cities are planning a student exchange program. Students from all over Fujian are currently studying in Canada in various different institutions.

Due to the close linguistic, ethnic and family ties between many Taiwanese and Fujianese, the Taiwanese-Canadian community has been particularly active in developing Canada-Fujian relations.

Fujian's most pressing development obstacle is the shortage of electricity. The province possesses considerable hydro-electric potential and could benefit from Canadian technology and expertise.

Fujian is still a "stand alone" province, and is not yet connected to the national grid. In 1995 Fujian's generating capacity was 6,350 megawatts, of which 62% is hydro-generated. Fujian is attempting to increase its total power generating capacity by 1,000 megawatts per year. The province's total hydro capacity is estimated at 11,000 megawatts, of which 30% has already been tapped. Plans are to develop 45% of the total hydro reserve by the year 2000, increasing to 60% ten years later.

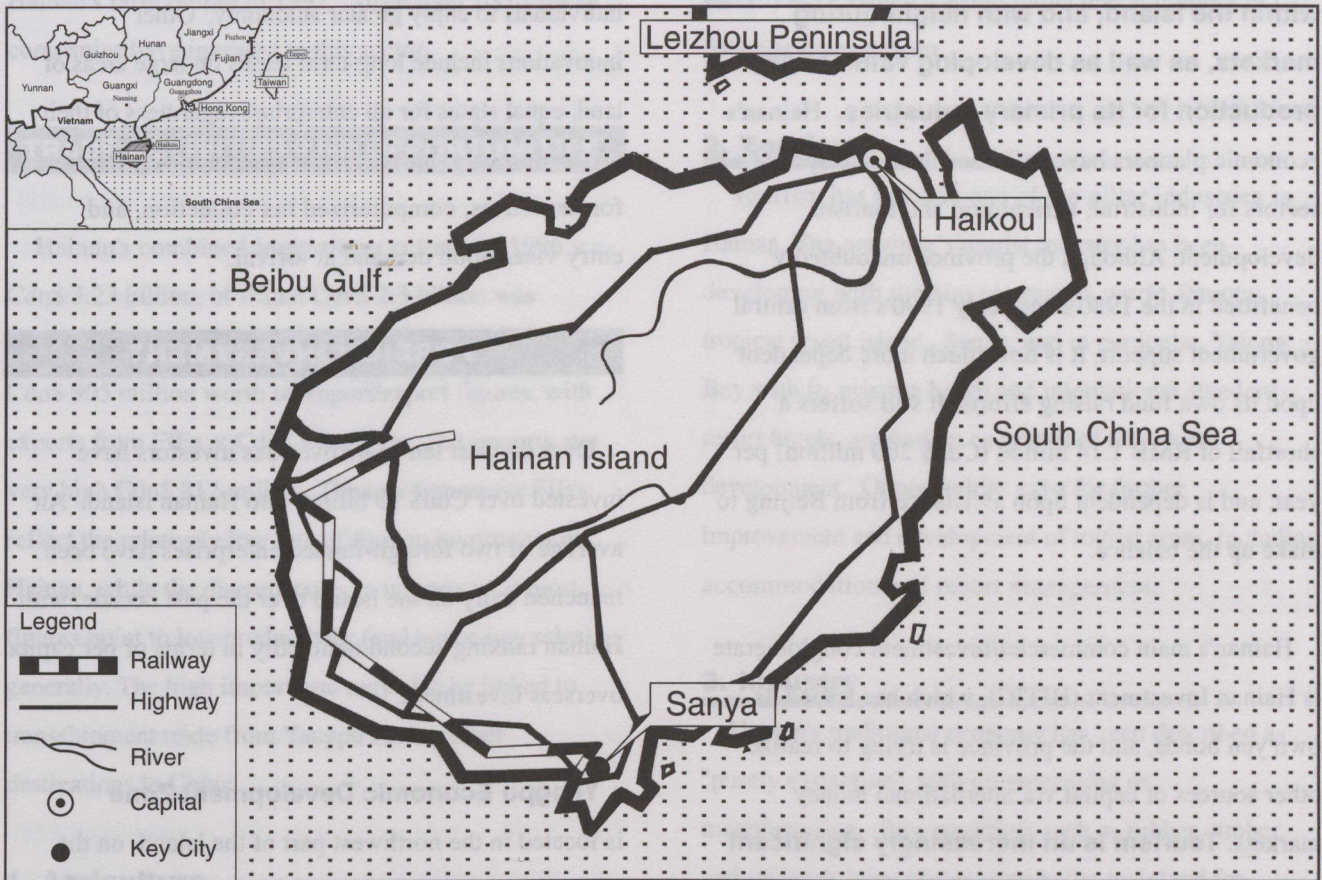
The massive infrastructure program currently being undertaken in the province provides considerable opportunities for Canadian architectural, telecommunications, engineering, environmental and transportation firms.



Areas of opportunity include:

- Environmental protection technology, equipment and services
- Waste disposal and management
- Energy resources
- Information technology
- Telecommunications
- Transportation equipment and services
- Tourism development, including construction and infrastructure
- Forestry, including sawed timber products, small-scale machinery, paper and paper products, forestry management techniques and training

Hainan Map



BUSINESS ENVIRONMENT

Located in the South China Sea, facing the Leizhou Peninsula of Guangdong to the north, with a total land area of 34,000 sq. km, Hainan is China's second largest island. **It is also China's largest Special Economic Zone.** The provincial capital is Haikou (population 500,000), located at the northern end of the island. The province's second city is Sanya, which is located in the tourism region on the southern coastline. Hainan was declared a province in 1988, prior to which it had been administered by Guangdong province. Its population is approximately 7 million, of whom 2 million are considered to be local "Hainanese", with their own dialect.

Hainan's promotion to provincial status in 1988 was supposedly the realization of a long held dream for increased autonomy, but in reality has put into relief the problems of self administration. Unlike the other SEZ's which are allied with "natural" sources of investment capital (Hong Kong-Shenzhen, Macau-Zhuhai, Shantou with the Chaozhou speaking community in Singapore/Malaysia, and Xiamen with Taiwan) there is no logical "partner" for Hainan amongst the Overseas Chinese community, or close at hand in a geographic sense. Instead, Hainan has had to develop investment strategies that are sectoral based, and has, as a result, attracted a variety of capital sources.

Hainan's infrastructure development has concentrated on improving transportation links within the island, and with neighbouring markets, as well as developing value-added production for its primary industries. Hainan's

economic planners have split the island into special sectors for industrial, agricultural and tourism development. Although the province undoubtedly benefitted in the 1980's and early 1990's from central government support, it is now much more dependent upon its own fund raising efforts. It still suffers a shortfall of RMB 1.14 billion (Cdn\$ 200 million) per year, and is dependent upon assistance from Beijing to make up the balance.

Hainan's main commercial/investment conglomerate is Hainan Investment (HITIC), which has issued its own yen bonds, and the province is trying to realize other sources of capital via international money markets. **Tourism is an increasingly significant factor in the island's economy, and the successful management of this industry is a major challenge to provincial officials. In 1997, Hainan had 7.9 million visitors, including 412,800 foreigners, which resulted in tourism income of RMB 6.16 billion (Cdn\$ 1.08 billion) for the island.** Sanya attracted three million Chinese and 120,000 overseas visitors.

The island's upgrading to a province brought a transfusion of domestic and foreign capital which has built expressways, ports, power stations, telecommunication systems and increased its GDP to RMB 40.47 billion (Cdn\$ 7.1 billion) in 1997 from RMB 5.53 billion (Cdn\$ 970 million) in 1987. The average wage rose to RMB 4,703 (Cdn\$ 825) in 1997 from RMB 1,186 (Cdn\$ 208) in 1987.

Hainan is the first province to establish a leaner provincial government, allowing enterprises and individuals to enjoy greater autonomy. Other innovations include long-term leases on large areas of land, equal status for all enterprises regardless of their different ownership, a simple system of registration for new firms, computerized tax collection, and entry visas upon demand at arrival.

FOREIGN INVESTMENT

Over the past ten years overseas investors have invested over Cdn\$ 10 billion into Hainan island. An average of two foreign-funded enterprises have been launched daily on the island over the past decade, with Hainan ranking second nationally in terms of per capita overseas investment.

Yangpu Economic Development Zone

is located in the northwest part of the island, on the Beibu Gulf. It was approved as an **economic development zone** by the State Council in 1992. In May of that year, Kumagai-Gumi (HK) signed a 70 year lease for 27.3 square km. of land, and began basic infrastructure development for an export processing zone. To date, new roads, docks and power plant have been completed, and the original management group has been expanded to include the Poly Corp., Cheong Kong, Bank of Communications, Bank of China, Industrial and Commercial Bank and Greater China (Taiwan). The Indonesian conglomerate Sinar Mas was negotiating to build a pulp plant in Yangpu, and China National Offshore Oil (CNOOC) has recently begun work on a urea plant. It is expected that these "anchor" industries will attract further investment to the zone.

Most successful investments have been those in cash

crops such as rubber, pepper, mangoes, coconuts and other tropical fruits which accounted for 45.2% of Hainan's farm output in 1997. More than 200 Taiwan companies have invested in this sector.

TRADE ACTIVITIES AND OPPORTUNITIES

Hainan's combined import/export trade in 1996 was Cdn\$ 3.23 billion, of which Cdn\$ 2.3 billion was imported. Foreign invested enterprises accounted for Cdn\$ 905 million worth of import/export figures, with exports from FIEs at Cdn\$ 97 million, and imports at a very high Cdn\$ 812 million. The low figures for FIE's reflect the relatively low rate of foreign investment in Hainan, while the discrepancies in imports vs. export figures point to low productivity (and hence low sales) generally. The high import rate may also be linked to transshipment trade from Yangpu Port to other destinations in China.

1. Agriculture

Although there have been significant investments (over Cdn\$ 143 million from Taiwan) in specialized agribusiness projects for tropical fruit and coffee processing, most of Hainan's agriculture is still based on forestry and plantation crops. Crops include rubber, bananas and paddy rice are still usually farmed in large scale collectives, often staffed by demobilized soldiers or their descendants. Attempts are being made to introduce the "contract responsibility system" in agriculture, which has been very successful in other provinces, usually leading to surpluses which are then invested into small scale enterprises. However, as much of Hainan's agriculture is "plantation" style farming, it does not readily lend itself to smaller, family-held plots.

Development of fisheries is also proceeding slowly, with some investment by foreign firms, and numerous

government schemes to improve fish farming techniques, and the management of ocean stocks. Study teams from Hainan have visited Canada for technical training in fisheries management.

2. Tourism

Tourism has become one of the pillar industries in Hainan. The province's tourist industry has been developing with the aim to create a world-famous tropical resort island. Sanya, and in particular, Yalong Bay with its pristine beach and international standard resort hotels, are perfect examples of this recent development. Opportunities exist for further improvement and development of tourist areas, including accommodation and resort management.

3. Industry

Hainan's traditional economy has been described as "purely extractive", with no processing or manufacturing. Raw materials such as rubber, timber and minerals were always sent to the mainland for processing. Due to Hainan's preferential investment policies, industrial investments by mainland enterprises as well as foreign companies have resulted in the growth of such industries as rubber processing, light industrial manufacturing and electronics, mainly domestic appliances. Hainan produces 70% of China's rubber output, and Hainan now has production capacity for a wide range of rubber goods, including latex gloves, tires and conveyor belts.

With the discovery of offshore natural gas and oil deposits in the 1980's, Hainan began investment in downstream petrochemical processing, and a urea plant is now under construction in the western region of the island. Attempts were made in the early 1990's to develop an automotive industry on the island (BMW was to set up a manufacturing facility for minivan production). This

project has encountered numerous difficulties, and it now appears that the focus for automotive development has shifted to central and northern China.

4. Telecommunications

Hainan's telecommunication system is relatively well-developed, with IDD lines common throughout the island, and with a 25% telephone ownership rate. In Haikou, 65% of the residents own telephone sets, ranking first among the capital cities in China. Over RMB 5.7 billion (Cdn\$1 billion) has been earmarked for further upgrading of the telecommunication system on the island in the 1996-2000 Ninth Five Year Plan.

5. Natural Gas

Hainan has completed a natural gas pipeline which runs east-west across the island. This was done by Atlantic Richfield (ARCO) in cooperation with China National Offshore Oil (CNOOC). Hainan is also exporting natural gas to Hong Kong, via the natural gas pipeline from Yacheng 13-1 field to Hong Kong (Castle Peak Power Plant). In addition, a new oil fired thermal plant in Yangpu has boosted energy generating capacity well beyond present requirements.

6. Ports

Hainan has 68 natural harbours, 20 of which have been developed into port facilities, with a combined capacity of 12 million tons, including specialized berths and bulk cargo.

7. Air Transportation

There is a new international airport in Sanya, and another, which was designed by B+H International of Montreal, is under construction in Haikou. International and domestic routes link Hainan to South East Asia and over 50 cities on the mainland. Hainan Airlines is the provincial airline, and it is the only partially foreign

owned Chinese airline (one of the George Soros' holding companies owns 20%).

6. Highways

Transport on Hainan depends mainly on expressways and highways which link all cities, counties and scenic spots on the island. A new expressway links Haikou and Sanya on the east side of the island, and there are also new east-west routes linking Haikou with Yangpu port.

7. Railways

The first stage of the railway link to the mainland started recently. The 138 kilometre line from Zhanjiang in southeast Guangdong along the Leizhou peninsula to the port of Hai'an is scheduled to be completed by October 1, 2000 at a cost of RMB 1.31 billion (Cdn\$ 230 million). The second stage will involve a line along the west coast of Hainan and of ferries which will carry the railway carriages the 20 km from Hai'an to Hainan island. The overall cost of the project is RMB 4.39 billion (Cdn\$ 770 million).

CANADA-HAINAN TRADE LINKS

Canadian trade with Hainan is very modest, with 1996 exports to Canada at Cdn\$ 8.6 million (a high percentage of this figure consisted of rubber products). Canadian exports to Hainan were Cdn\$ 11 million (included in this figure are equipment sales by Northern Telecom to Hainan Post and Telecommunications, as well as agricultural inputs, particularly potash). Investment in Hainan from Canada has been mainly small scale, with the average size less than Cdn\$ 286,000. Upsilon Estate International, based in Montreal, is the largest Canadian investor in Hainan (the Huandao Tide Hotel, which was designed by a Canadian architect, using Canadian building materials, for an estimated Canadian content total of Cdn\$ 12 million). In addition, Grandfield

Pacific Incorporated of Richmond, British Columbia, owns the Peninsula Hotel in Haikou.

Hainan has benefitted from the CIDA Open Cities Municipal Officials Training Project, under the former Special Economic Zones Office of the State Council. This project aims to upgrade the municipal planning and management skills of senior municipal officials, with a focus on urban management issues, specifically those related to the environment and trade/investment opportunities.

Canada has developed numerous institutional linkages with Hainan, most notably with the China Hainan Institute for Reform and Development. This institute has been involved in a CIDA bilateral grant for its economic research activities, and has worked with McGill University, the Canadian Centre for Management Development and the Auditor General's Office on information sharing and training programs. They have also been involved in business consulting activities, and may therefore provide an avenue for Canadian business in Hainan.

Downstream petrochemical processing is a major priority for Hainan, and a technical delegation is planning to visit Canada in early 1998. With its large offshore gas deposits and with the involvement of major energy players, Hainan is poised for further development of this sector. Niche opportunities also exist for Canadian technical expertise in agriculture and fisheries management, as well as in tourism management.



Areas of Opportunity

- Tourism management
- Information technology
- Telecommunications
- Energy, Natural Gas
- Ports
- Air and road transportation
- Petrochemical processing
- Agriculture and fisheries management

Canadian Companies in South China

Alcanta International School
Bank of Montreal
Bank of Nova Scotia
BN Management Consultants
Chemposite Inc.
CLC Foods Inc.
Clearwater Fine Foods
Glenayre Services Ltd.
GLF Chao Jie Parking Systems Guangdong Development Co. Ltd.
Global Marine (Canada) Inc.
Gold Treasure Industrial Limited
Grandfield Pacific Incorporated
Harris Communications Shenzhen Ltd.
Kam Wing Feed Co. Ltd.
Keaton Estates
Kingwell Material Company
Manulife Financial
Moore Hong Leong Pressure Sensitive Labels & Systems Ltd.
Newbridge Networks (Asia) Ltd.
Nonfemet International Aluminum Co. Ltd.
Northern Telecom
Papteco Technical Service Ltd.
Ports International
Robert Chan Architects
Royal Bank of Canada
Sino-Canadian Suzhou Atlantic Aquatic Co. Ltd.
Technophar Equipment & Service Ltd.
Time Prosper Limited Dongguan Time Square Ltd.
U-Can Housing Development Ltd.
Upsilon Estate International Inc.
Xenexi Building Products Industries
Yarley (China) Developments Co. Ltd.

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Toronto	(416) 973-5053	(416) 973-8161
Winnipeg	(204) 983-4540	(204) 983-3182
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Saskatoon	(306) 975-5315	(306) 975-5334
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Internet: <http://www.edc.ca>

★ **Canada's International Business Strategy (CIBS)**

is a consultative process that brings together government and the private sector in the identification of emerging trends, opportunities and challenges in major markets and the development of strategies for successful pursuit of international business by Canadian industry. The CIBS Compendium is an on-line updated list of government-sponsored trade events and promotions, in Canada and abroad, that have been identified as a result of the CIBS process.

Internet:

<http://www.dfait-maeci.gc.ca/trade/cibs/>

★ **Strategis**, Canada's largest business web-site, offers a wealth of export information that can help you decide about growth opportunities, explore new markets and assess the risk of new ventures, all on-line. Trade Data Online, an information database accessible through Strategis, provide Canadian and U.S. information on trade trends, import market shares and other key data to help you forecast new markets, assess the competition and plan strategy.

Contact

Tel: 1-800-328-6189 or (613) 954-5431
Fax: (613) 954-5031
E-mail: TDD@ic.gc.ca
Internet: <http://strategis.ic.gc.ca>

★ The **Agrifood Trade Network (ATN)**, one initiative under the ATS (Agrifood Trade Service), provides on-line access to agrifood trade information, including country/market profiles, Canadian supply capability, and trade shows and missions. The ATN also contains a directory of federal government trade contacts around the world. It may be found under "Trade Contacts" at <http://atn-riae.agr.ca/>

You may also contact an information co-ordinator in your region:

	Telephone
Newfoundland	(709) 772-4063

Prince Edward Is.	(902) 566-7310
Nova Scotia	(902) 893-0068
New Brunswick	(506) 452-3706
Quebec	(418) 648-4775
Montreal	(514) 283-8888
Ontario	(519) 837-9400
Manitoba	(204) 984-4409
Saskatchewan	(306) 780-5452
Alberta	(403) 495-6775
British Columbia	(604) 666-3054

Private Sector Contacts

These private sector organizations are resources to help facilitate and promote trade and investment between Canada and China. They offer their members a package of business services, including introductory market studies, setting up meetings, the use of offices and work stations, and internet support.

Canada China Business Council

Internet: <http://www.ccbc.com>

Head Office

110 Yonge Street, Suite 802
 Toronto, Ontario M5C 1T4
 Tel: (416) 954-3800
 Fax: (416) 954-3806
 E-mail: ccbc@istar.ca

Western Canada Office

Suite 2600-515 West Hastings Street
 SFU at Harbour Centre, Vancouver, B.C.
 V6B 5K3
 Tel: (604) 291-5190
 Fax: (604) 291-5039
 E-mail: Alison_Winters@sfu.ca

Beijing Office

CITIC Building
 Suite 18-2, 19 Jianguomenwai Street
 Beijing 100004
 Tel: (86-10) 6512-6120 or
 (86-10) 6500-2255 Ext. 1820, 1821, 1822
 Fax: (86-10) 6512-6125
 E-mail: ccbc@chinaonline.com.cn.net

Asia-Pacific Foundation of Canada

999 Canada Place, Suite 666
 Vancouver, BC V6C 3E1

Tel: (604) 684-5986
 Fax: (604) 681-1370
<http://www.apfc.ca>

Canada Beef Export Federation (CBEF)

Room 1106 Capitol Centre
 5-19 Jardine's Bazaar
 Causeway Bay, Hong Kong
 Tel: (852) 2881-0806
 Fax: (852) 2881-0607
 E-mail: hong.kong@cbeef.com

Other Useful Web Sites

Department of Foreign Affairs and International Trade (DFAIT)

<http://www.dfait-maeci.gc.ca/>
 (Department of Foreign Affairs and International Trade-introduction to Canadian Federal Government; has information on immigration material, as well as broad information on Canada and on countries all over the world)

Export Development Corporation (EDC)

<http://www.edc.ca>
 (provides financial information to Canadian exporters; includes general exporting information on over 65 countries)

General Government Information

<http://strategis.ic.gc.ca>
 (provides information on companies/businesses throughout Canada; also includes trade and investment material as well as information on international business opportunities)

Government of Canada

<http://canada.gc.ca>
 (has some interesting facts about Canada as well as the organization of the Canadian Government)

Industry Canada

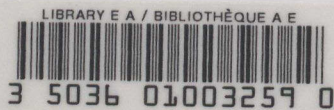
<http://info.ic.gc.ca>
 (Federal Government programs, services and sector information)

Revenue Canada

<http://www.rc.gc.ca>
 (Extensive information concerning personal and business taxes and tax credits such as the Scientific Research and Experimental Development (SR & ED))

Canada China Website

<http://www.canada.org.hk>



Trade Sites

InfoExport

<http://www.infoexport.gc.ca>

(Helps you prepare an export plan, develop a market entry strategy, and guides you through the implementation of your strategy)

ExportSource

<http://exportsource.gc.ca>

(ExportSource brings together information on market research, export financing, trade statistics, export contacts, trade shows and missions, and export regulations/logistics.)

Strategis

<http://strategis.ic.gc.ca>

(Has a wealth of information on international business opportunities and business information arranged by sector.)

Alliance of Manufacturers and Exporters

75 International Boulevard, 4th Floor

Toronto, ON M9W 6L9

Tel: (416) 482-8612

Fax: (416) 482-8446

<http://www.palantir.ca/the-alliance>

Northstar Trade Finance

Tel: (604) 664-5828

<http://www.northstar.ca>

Websites for China Business

Guangdong Province Board of Investment

<http://www.gdboi.com>

(provides information on investment environment and foreign trade footing throughout Guangdong as well as current trade policies)

Ministry of Foreign Trade & Economic Corporation

<http://www.moftec.gov.cn>

(provides information on trade policy in China)

SinoSource

<http://www.sinosource.com/ftc/index.htm>

(A good searchable list of Foreign Trade Corporations, indexed by industry)

ChinaVista

<http://www.chinavista.com/business/desk.html>

(A good overview of business conditions in China)

China-window

<http://www.china-window.com>

(A good introduction with regional and topical categories)

China Pages

<http://www.chinapages.com>

(An extensive indexed list of Chinese companies, including a section on FTCs.)

Nihao

<http://www.nihao.com>

(A site for general information about investment in China)

Trade 2000

<http://www.trade2000.com>

(Home page of the China Chamber of International Commerce Shenzhen)

Regulations, Statistics and Trade information

<http://www.china123.com/invest/laws.html>

(full texts of selected Chinese laws)

<http://www.welcome-to-china.com/china/stats/m.htm>

(statistics at a glance for various sectors and regions)

China Council for the Promotion of International Trade (CCPIT)

<http://www.ccpit.org/>

<http://www.cbw.com/business/exhib/index.html#1>

(exhibition list sorted by industry as well as information on exhibition centres)

www.asiaonline.net.hk/chinalist/beijing/bmfertc/home.htm

(investment guide with database search option)

http://www2/mozcom.com/-w_hansen

(comprehensive and well-presented on-line guide to China's political figures and governmental structure)

Newspaper Websites

Guangzhou Daily

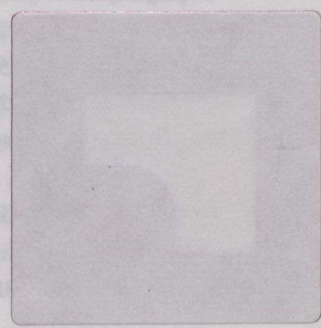
<http://www.gzrb.com>

China Telecom News

<http://www.china-telecomnews.com>

Guangzhou Morning Post

<http://www.asia1.com.sg/gzbaio>





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Connecting Canada and Greater China



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