

No Ignoring Chinese Presence On World Trading Scene

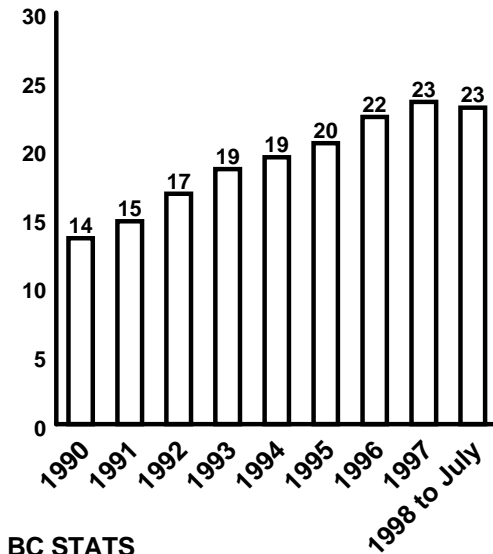
During the 1990s China has finally begun to realise some of its enormous potential as a world trader. Its emergence from the isolation induced by Chairman Mao's heavy emphasis on self-reliance has produced changes in trading patterns around the globe. Countries (and provinces) that rely on international trade for their prosperity and growth have begun to feel China's immense and still growing presence in world markets.

Recent economic difficulties in Asia may slow China's economic growth for a time, but they are unlikely to prevent its emergence as the second and perhaps eventually the first economic power in Asia.

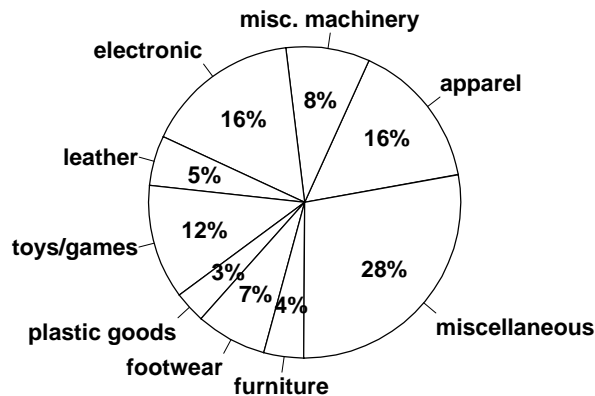
As China began the process of industrialisation, its exports have been mainly the labour intensive, low to medium technology products associated with developing nations. This is reflected in world trading patterns for these products.

China the Up & Coming Source for Imports From Asia

(% of Canadian imports from Asia sourced in China)



Canadian 1997 Imports From China (including Hong Kong)



BC STATS

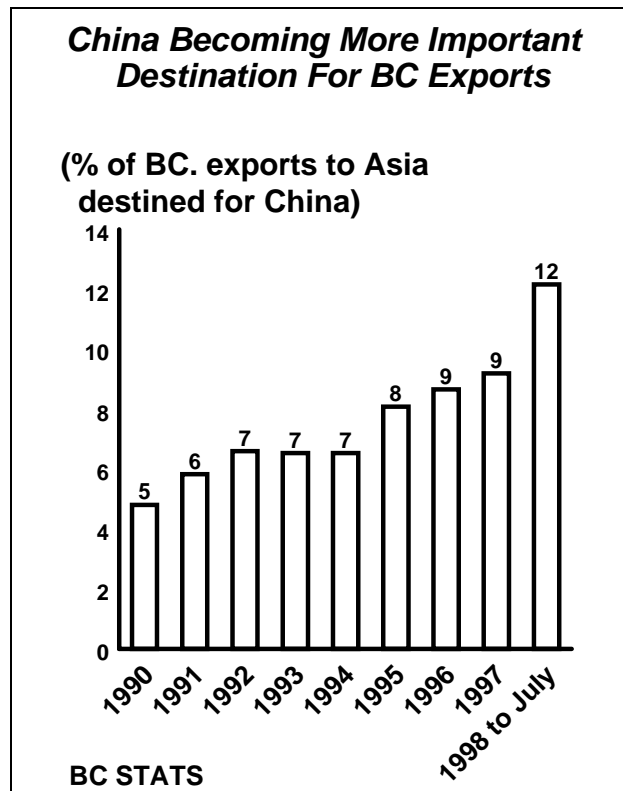
The Chinese share of 1996 total world exports of toys, games, and sporting goods was 40 per cent. It produced 20 per cent of world apparel product exports, 16 per cent of textile exports and 33 per cent of world footwear exports. These export markets were gained partly at the expense of other newly industrialising countries in the region producing the same products.

For Canada, the flood of Chinese goods onto world markets has meant more choice and lower prices than might have otherwise been possible. Chinese made goods accounted for 32 per cent of all Canadian apparel imports in 1997, 42 per cent of footwear imports, 58 per cent of other leather goods, 8 per cent of furniture and 11 per cent of ceramic products. These ratios are based on the dollar value of imports, rather than volume in unit, pairs, dozens, or whatever. Because Chinese origin imports are likely concentrated at the low price range of these markets, the value based ratios probably understate the presence of 'made in China' labels on Canadian store shelves.

Although Canadian imports from China are mainly low technology products, this is changing in the 1990s. For example, Canadian imports from China of computer products rose from \$51 million in 1990 to \$352 in 1997. Imports of other electrical and electronic products rose from \$305 million to \$1,238 million.

The success of Chinese export industries has produced growing demand for imported raw materials. Canada, and especially British Columbia, have been well positioned to fill this demand. To a lesser extent, British Columbia and other provinces have also benefited from increased demand for industrial equipment needed to expand Chinese production.

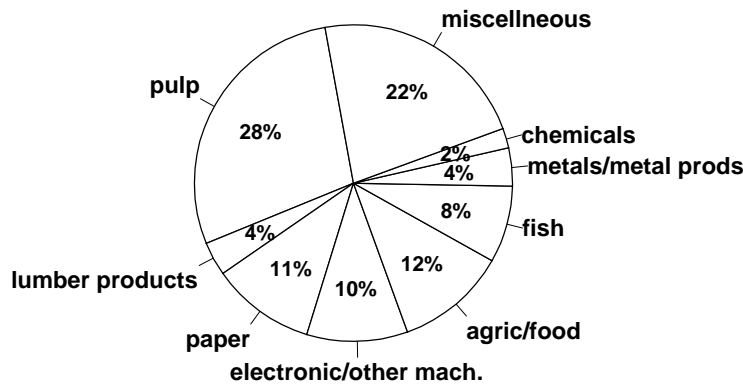
Affluence created in China by the success of its export industries has produced new export markets for consumer goods. For British Columbia this has already presented export opportunities for food products such as ginseng, geoducks (a type of clam) and edible oils.



These developments have been slowly increasing the importance of China as a trading partner for British Columbia. The portion of total provincial exports destined for China (including Hong Kong) has expanded from 1.7 per cent in 1990, to 3.0 per cent in 1997. This was produced through a 75 per cent increase in the value of shipments to China.

While the present economic disorder in Asia has slowed exports to China, there is little doubt that trade will continue to grow over the long term. China has so far been less affected by the crisis than many other Asian economies, as this is reflected by the relatively small drop in its trade with British Columbia. British Columbia exports to China were down 20 per cent in July year to date from the same period in 1997. While this is a severe drop, it was considerably less than the export drops of 35 per cent to Japan, 34 per cent to South Korea, and 47 per cent to ASEAN countries. Tai-

B.C. 1997 Exports to China (including Hong Kong)



BC STATS

British Columbia's 1997 exports to China amounted to \$799 million dollars, up from \$291 million in 1990. Some \$312 million of the 1997 total was in pulp and paper products, with much of the remainder in other resource commodities. However, it also included a substantial range of products that were not resource based.

There were, for example, shipments of radio transmission equipment amounting to \$29 million dollars, \$6 million of organic chemicals, and \$9 million of plastic products.

Exports of these goods are still relatively small in relation to resource exports, but they hint at potential for much bigger commerce that could develop as China continues to emerge as the world's newest trading giant.

wan, which has so far reported to have weathered the trade crisis relatively well, is the only important Asian market in which British Columbia exports have stood up better than in China.

As Asia eventually moves beyond its economic crisis, and its import trade is again on the upswing, some of the biggest potential gains to be made will be in China. For British Columbia, an important challenge will be to build on the steps already taken to increase variety and value added content of its exports to China. The province will enjoy a special advantage in achieving these objectives from the large numbers of Chinese business people who have recently settled here.