



Canadian Businesses in China: Constraints and Opportunities

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du Canada

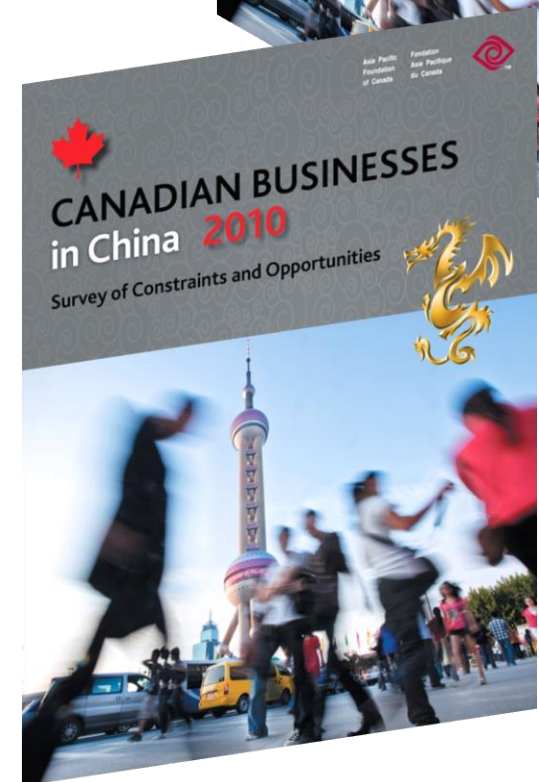
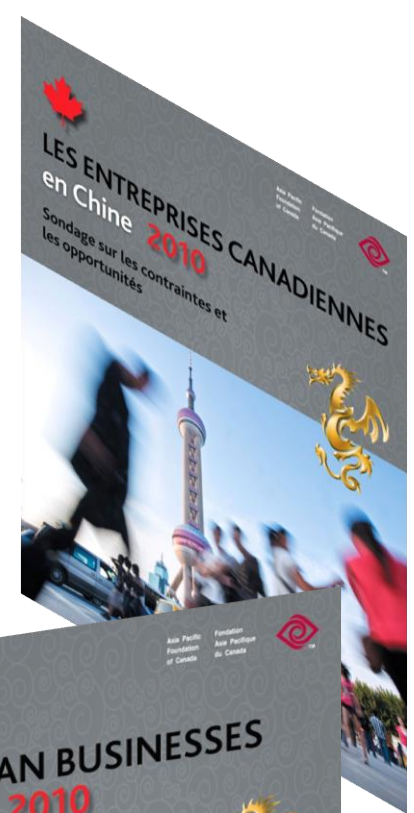


Outline

- Introduction
- Performance in China – A Report Card
- Constraints in China
- Conclusion

Introduction

- APF survey supported by CCBC +
- Survey period: August - October, 2010
- Number of selected companies: 600 +
- Number of respondents: 95
- Response rate: 16%
- Feature of surveyed companies:
Canadian firms that have done
business in mainland China



A Report Card: Letter Grades

Profitability

B
(76%)

Satisfaction
with Current
Profit Level

C
(66%)

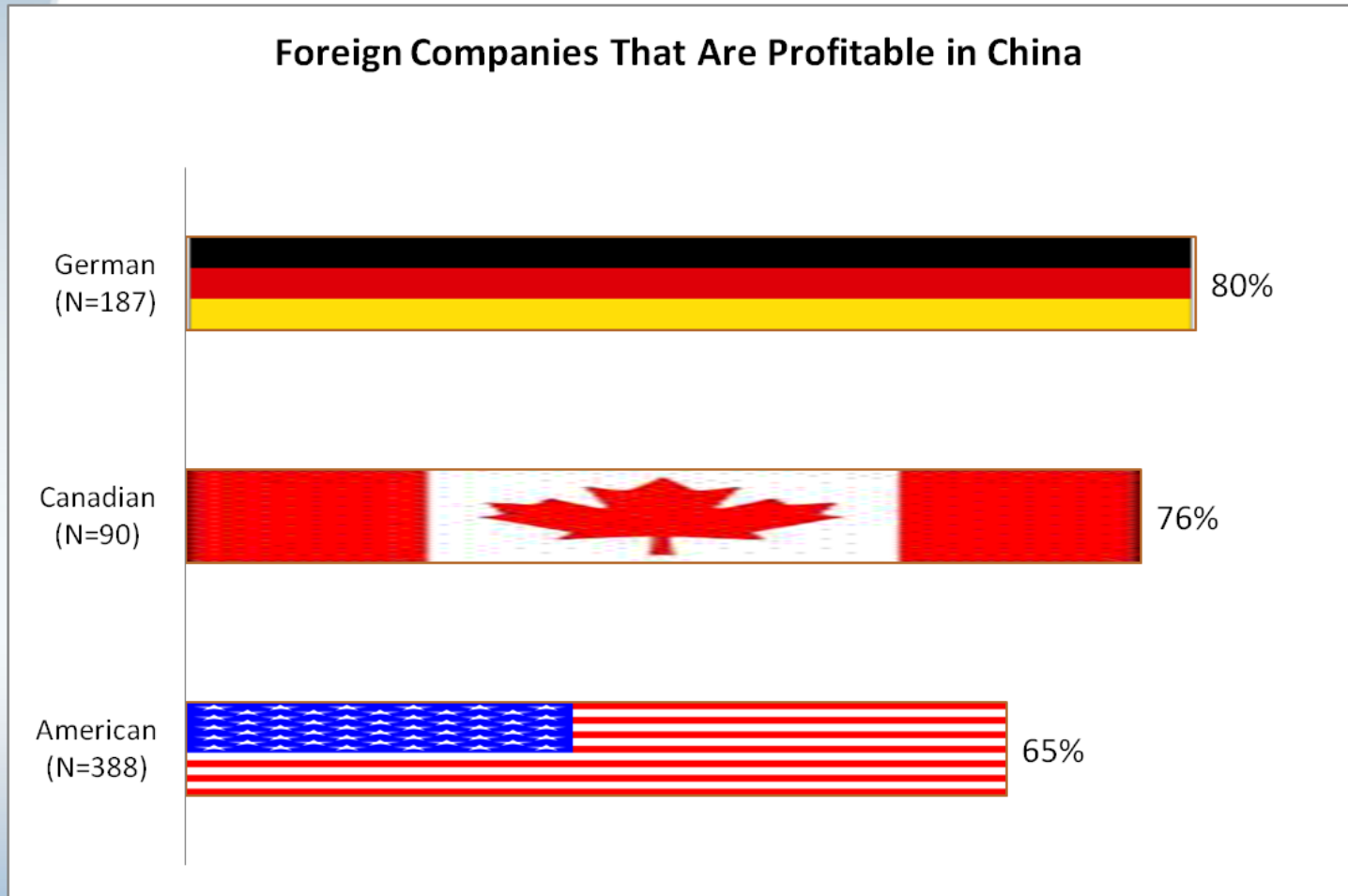
Satisfaction
with Business
Potential

A +
(94%)

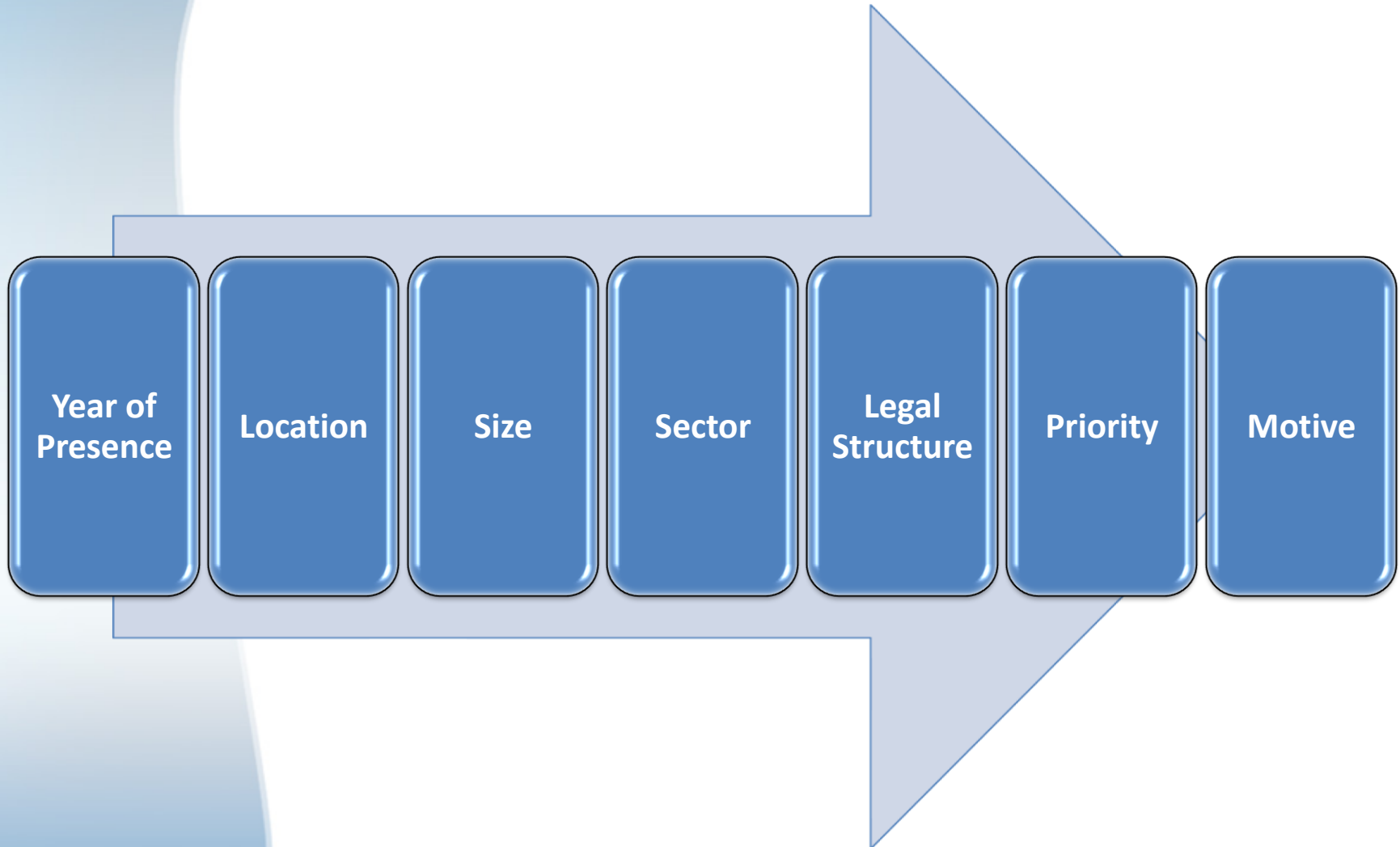
Satisfaction
with Overall
Business

A
(86%)

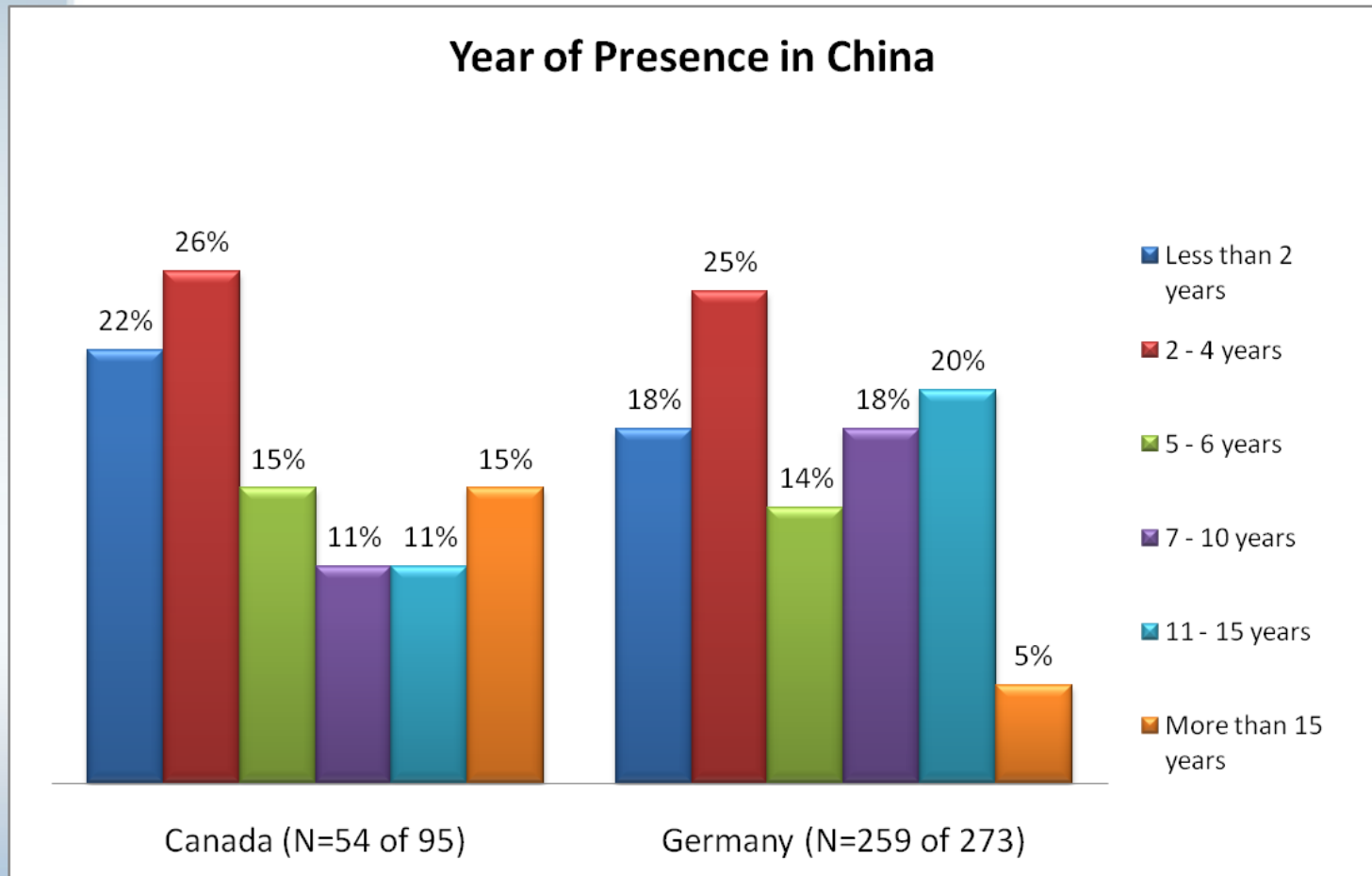
Canadian Firms Make Money in China...



... Record of Effort



Canadian firms entered earlier, but...



... concentrated in Shanghai and Beijing...

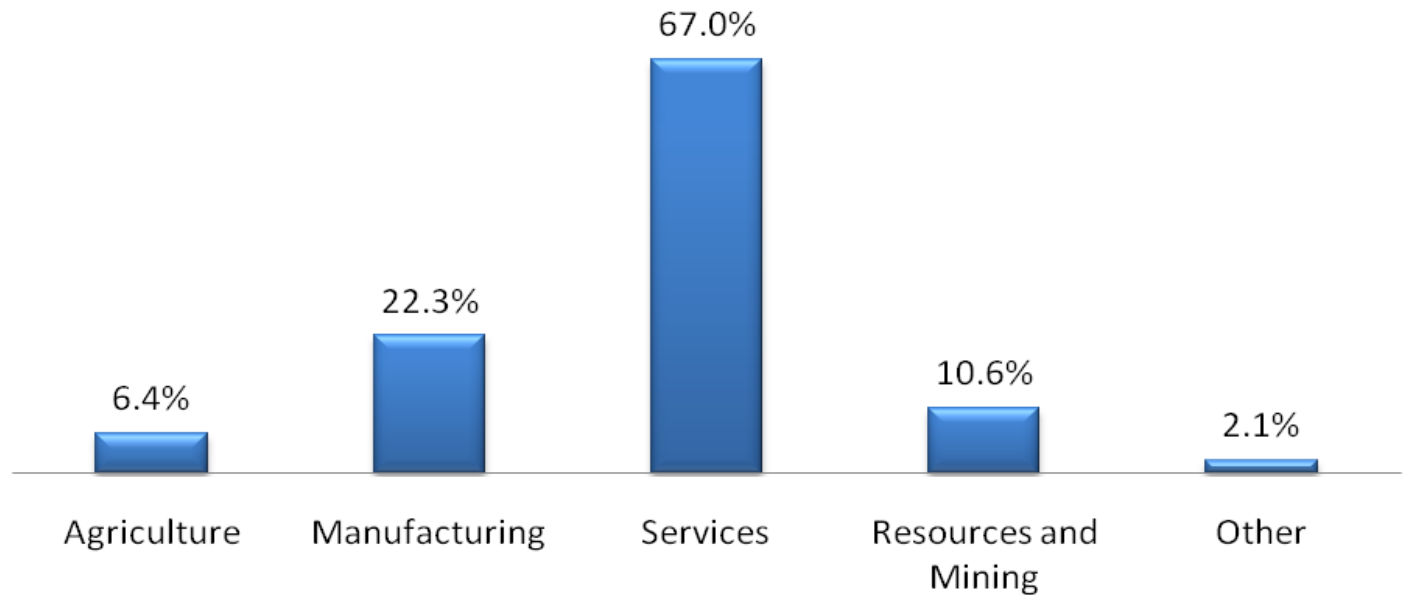
3.2 Location of Canadian Business Establishment in China



N=65 of 95

... strong in services;

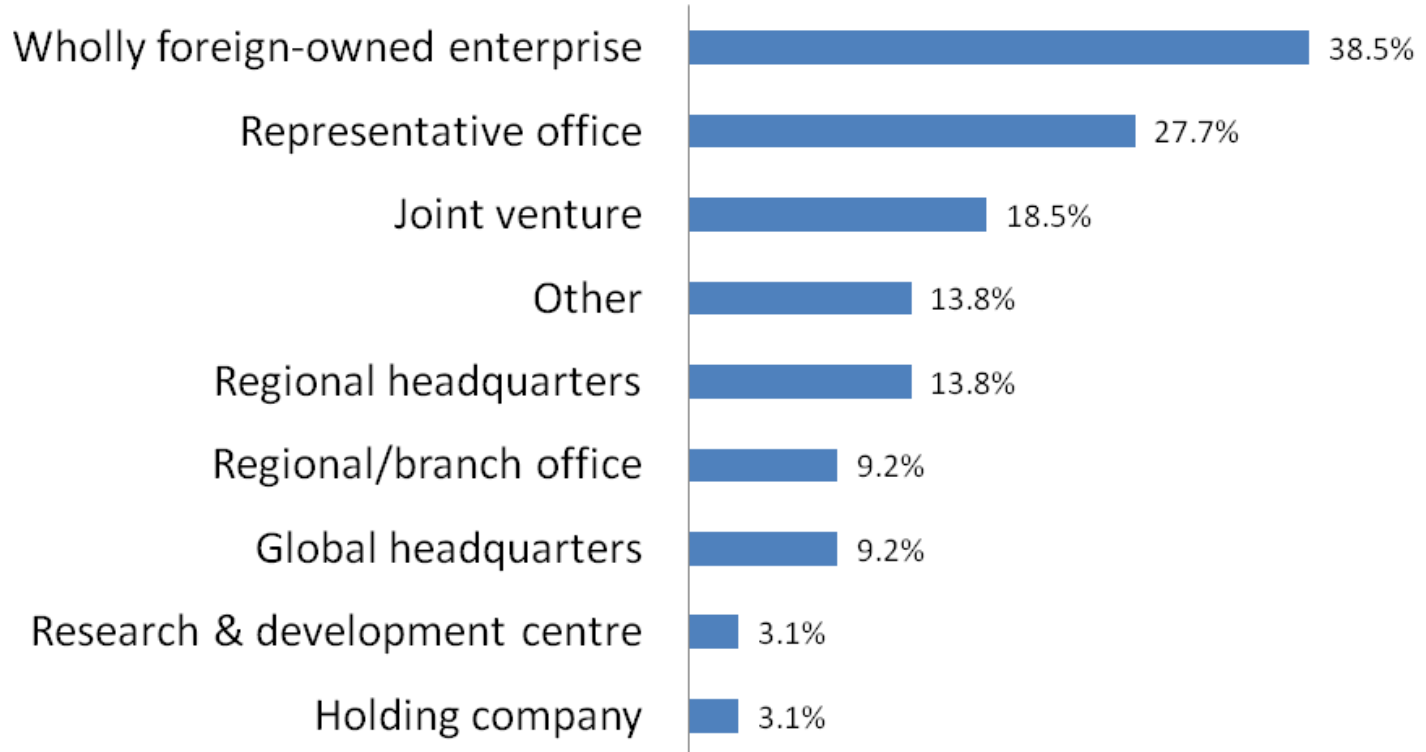
Sectors of Canadian Company's Activities in China



N=94 of 95; Multiple responses

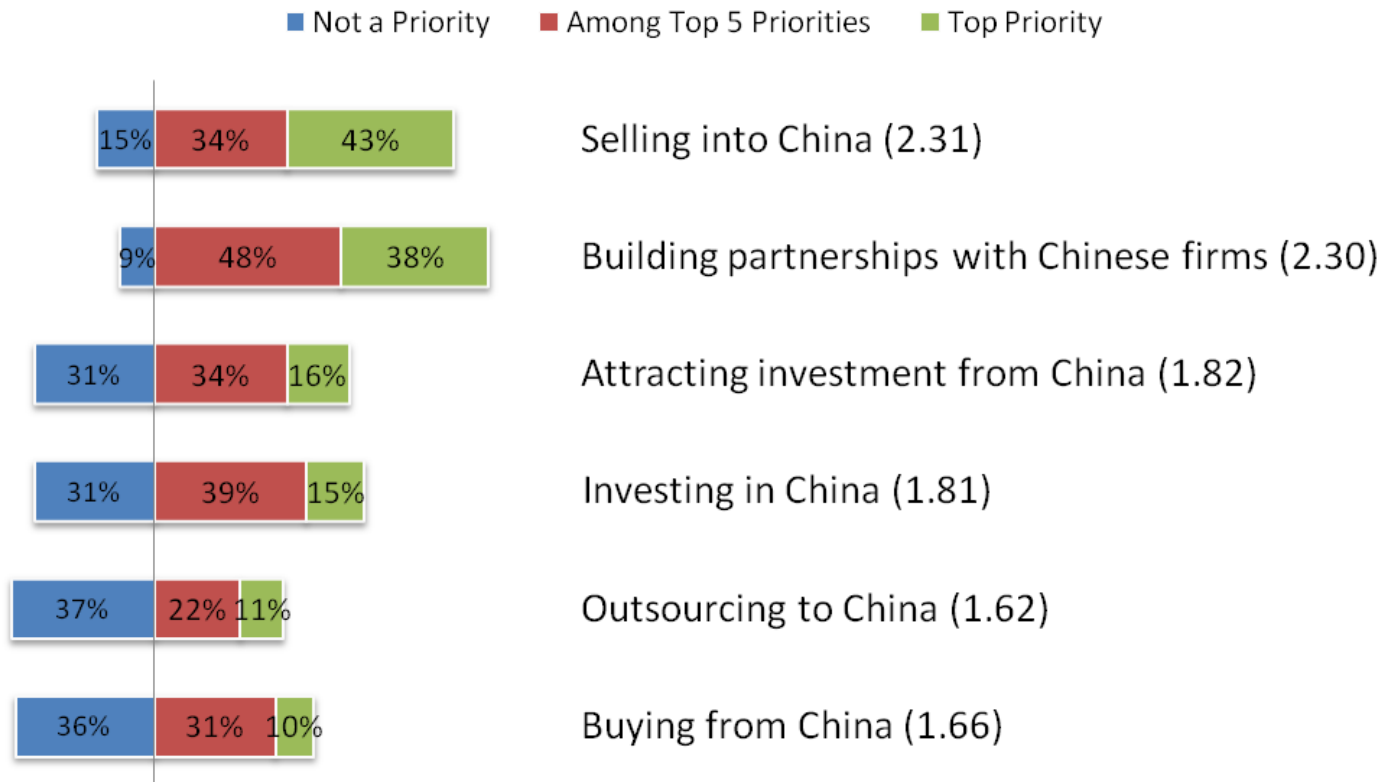
...WFOE is most common;

Legal Structure



... selling into China is top priority;

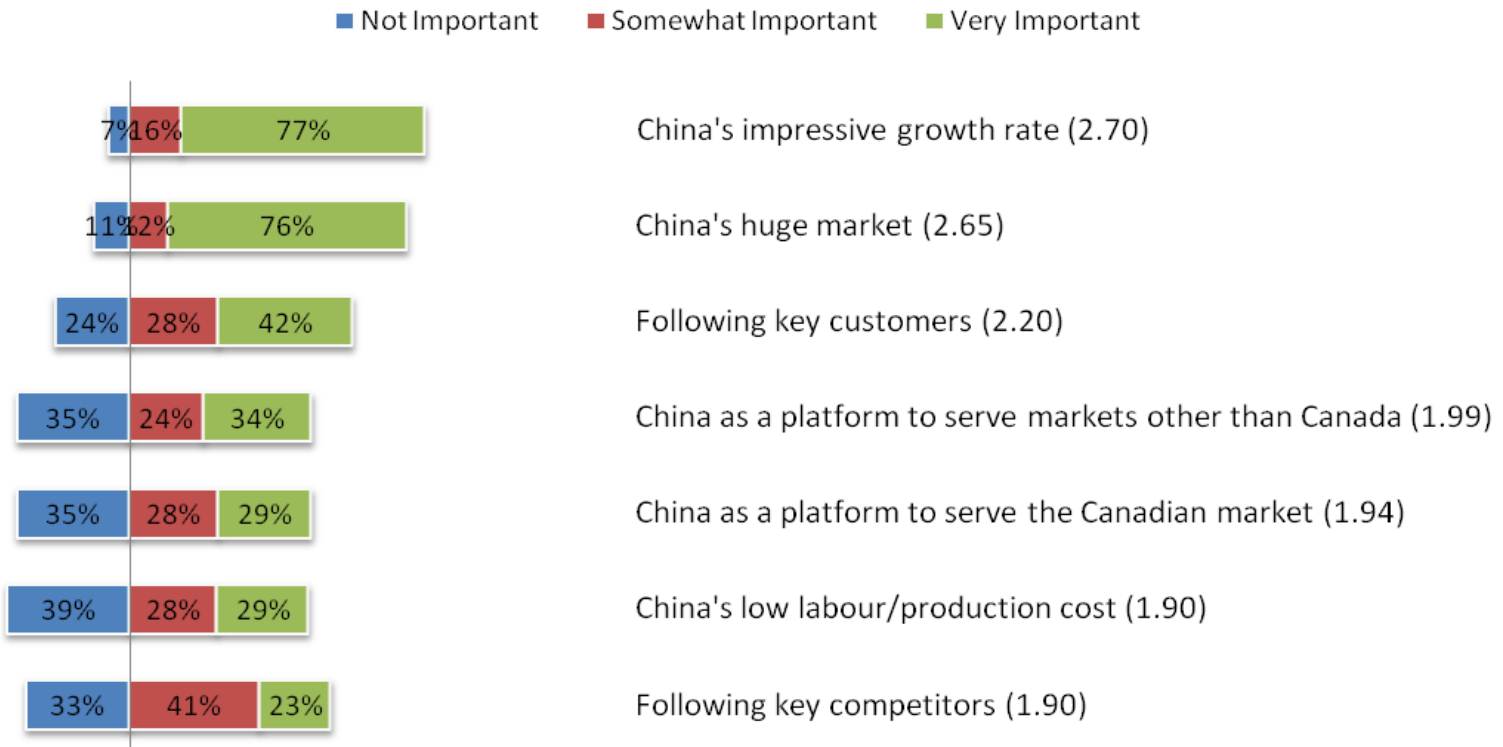
Priority of Canadian Business Strategy in China



List ranked by response of Top Priority; Mean reported in parentheses. N=94 of 95

...motivated by market potential

Motives of Canadian Business Entering into China



List ranked by response of Very Important; Mean reported in parentheses. N=93 of 95

List of Constraints



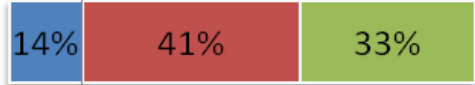
Rule of law and pollution are major constraints!

Top Five Business Constraints

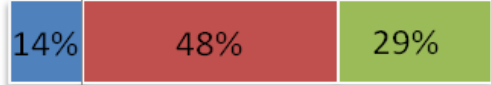
■ No Problem ■ Problem ■ Major Problem



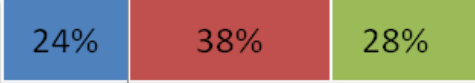
Inconsistent regulatory interpretation (2.23)



Pollution/air quality (2.22)



Bureaucracy (2.17)



Enforcing contracts (2.04)



Transparency (2.14)

Note: Mean reported in parentheses (scale 1-3)

Canadian firms have distinct concerns...



1. Inconsistent regulatory interpretation
2. Pollution/air quality
3. Bureaucracy
4. Enforcing contracts
5. Transparency

1. Inconsistent regulatory interpretation
2. Management-level human resource constrains
3. Obtaining required licenses
4. National protectionism
5. Bureaucracy

1. Protection of intellectual property rights
2. Availability of qualified human resources
3. Legal security & compliance with business terms
4. Bureaucracy & authorities
5. Corruption

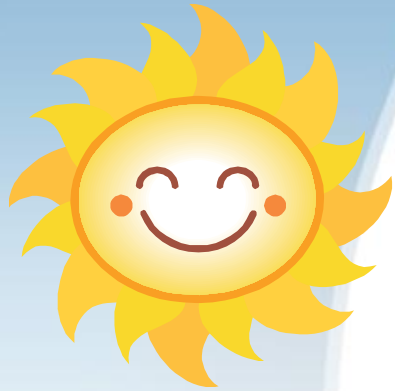
Conclusion

Canadian businesses in China perform better than commonly-held perceptions

Canadian firms have special concerns in the Chinese market

Canada and China should work together to remove barriers





Special Thanks to:

- Canada China Business Council
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- Canadian Chamber of Commerce in Shanghai
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- Canada's trade offices in China
- Air China (Canada)
- Borden Ladner Gervais

