



Export Development Canada

Doing Business in China: Clean Technology

By: Karen Mallory

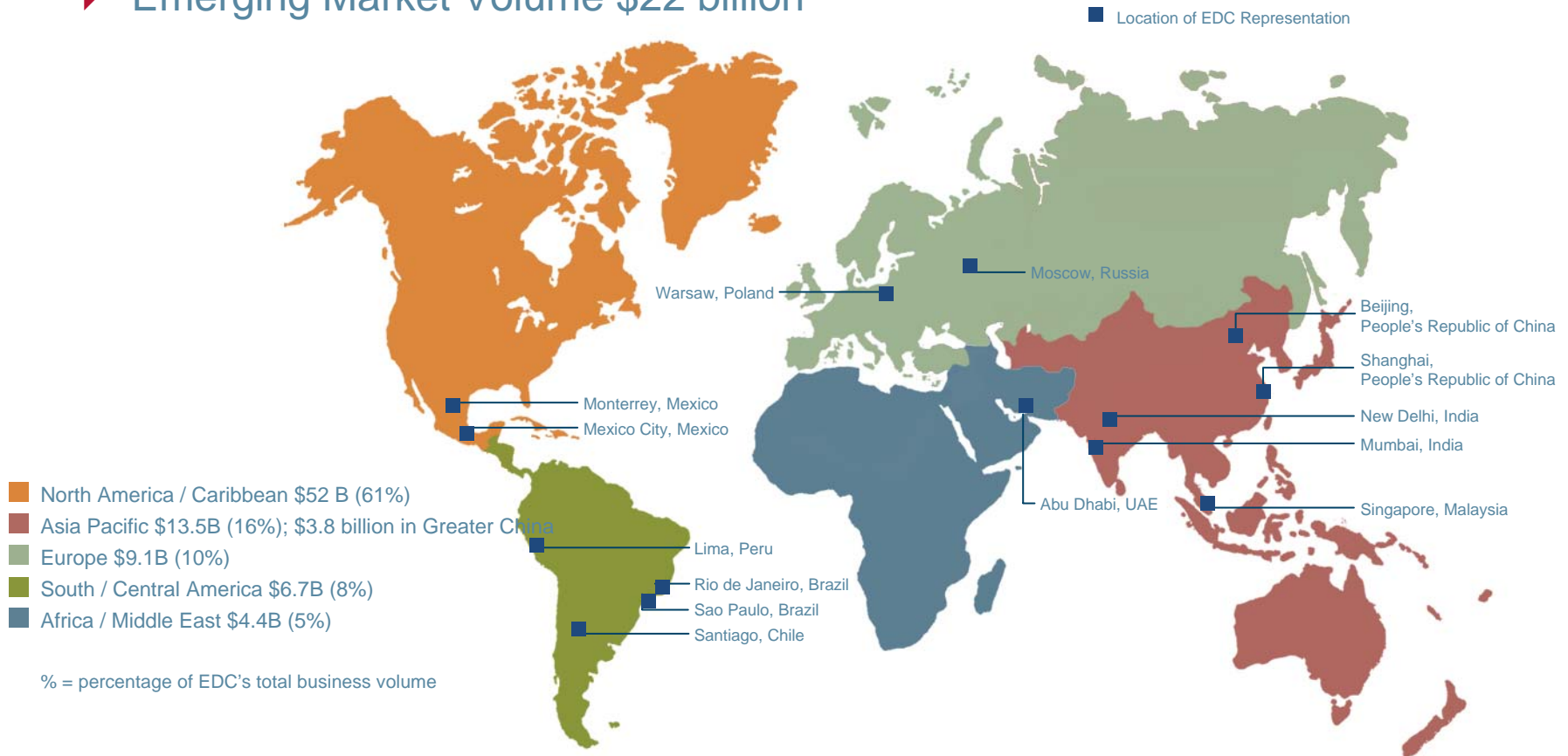
September 2009

Facilitating Canadian Trade

- ▶ Began operations in 1944
- ▶ Crown corporation wholly owned by the Government of Canada
- ▶ Financially self-sustaining organization and operates on commercial principles
- ▶ Mandate
 - To support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade as well as to respond to international business opportunities.
- ▶ EDC helps:
 - ▶ Canadian firms complete international sales
 - ▶ Foreign buyers purchase Canadian goods & services and,
 - ▶ Canadian firms invest with confidence

Expanding Global Reach

- ▶ Total business volume \$85.8 billion
- ▶ Emerging Market Volume \$22 billion

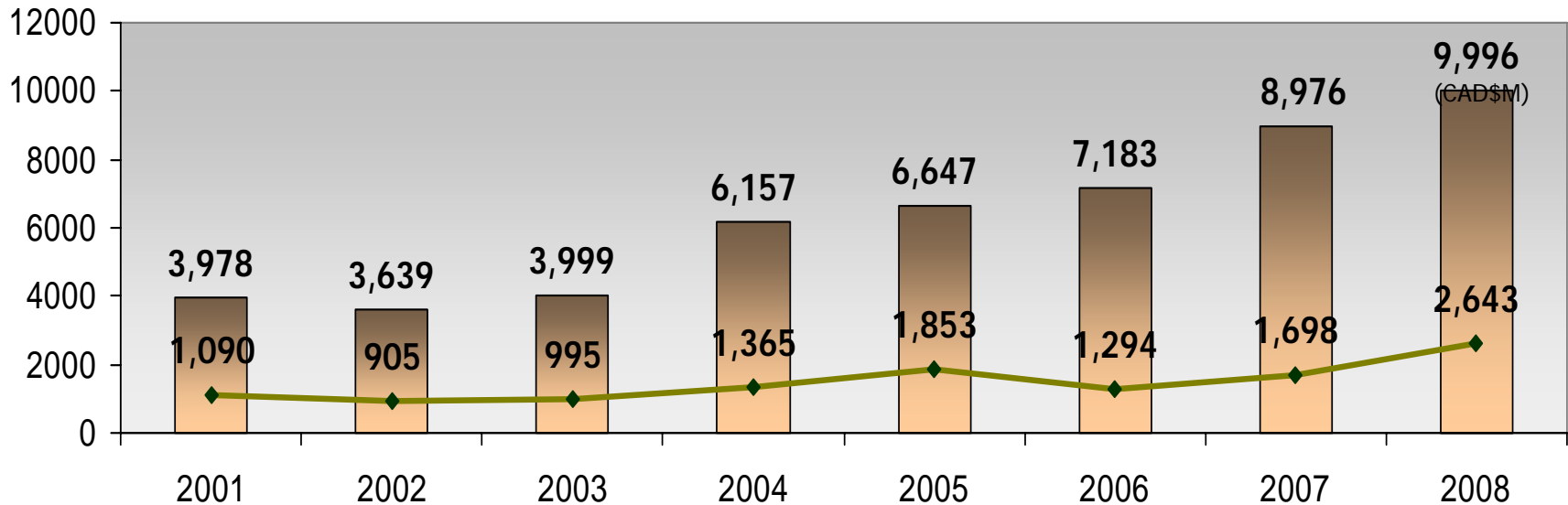


EDC's Solutions for the Chinese Market

- ▶ Accounts Receivable Insurance
- ▶ Bonding Services
- ▶ Financing
- ▶ Canadian Direct Investment Abroad Support

EDC and China

Canadian Exports to China vs. EDC Business Volume



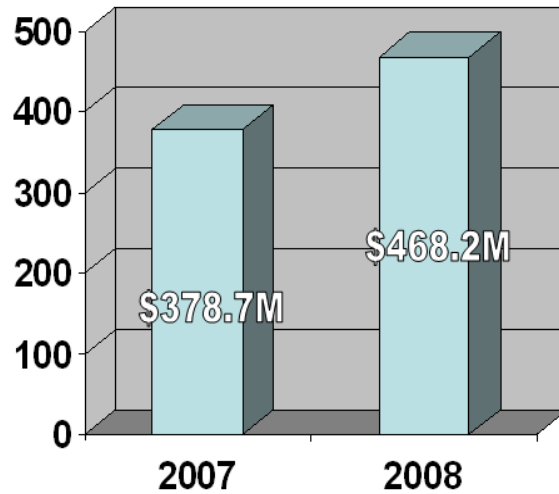
- Exports to Greater China have almost tripled between 2002 and 2008
- For the last 5 years EDC has supported 25% of all Canadian exports to Greater China

Recent Financing in China

Chinese Corporate	Amount
China Gas Holdings	\$30 mln
China Environment Fund III, L.P.	\$20 mln
Fountain Vest China Growth Capital Fund, L.P.	\$23 mln
Hon Chuan (China) Holdings Co. LTD.	\$4.6 mln
CITIC Capital China Partners Fund II	\$20 mln
International Far East Leasing	\$5 mln

Environmental Transactions in 2008

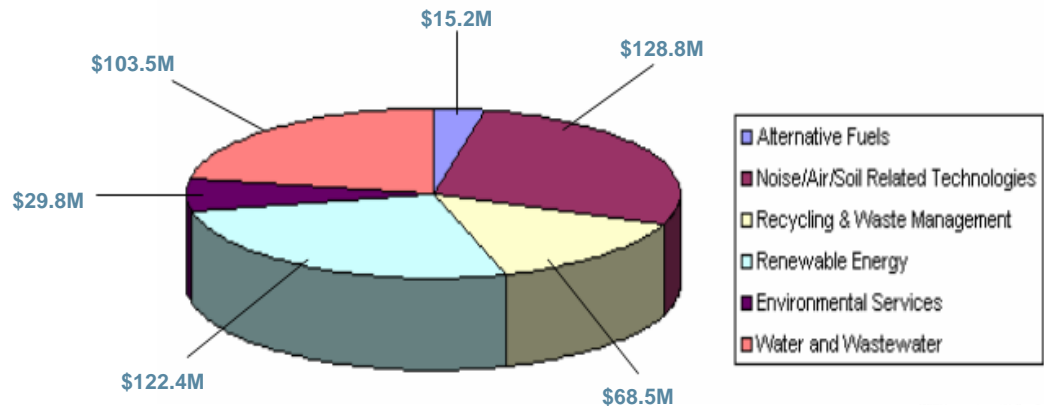
Total Environmental Volume
(CAD Millions)



Total EDC Env Volume = \$468.2M

Total China Env Volume = \$40M

2008 Volume Breakdown
(CAD Millions)



Future of Clean Technology in China

- ▶ Tremendous amount of potential for cleantech investors in China due to:
 - ▶ Strict government policy
 - ▶ Consumer awareness
 - ▶ Abundance of capital, land, engineers and entrepreneurs
- ▶ Strong need for new innovative technologies and expertise outside of major city centres
 - ▶ Many 2nd and 3rd tier cities have acknowledged their inability to manage their energy and environmental facilities
- ▶ Chinese government has set the goal of reducing energy intensity by 20% between 2005 - 2010

Chinese Clean Technology in 2009

- ▶ Chinese cleantech firms are recording exceptional growth this year
 - ▶ Due in large to significant focus (40%) on low-carbon projects in government's stimulus package
- ▶ Assuming a leadership position in the renewable energy sector
 - ▶ Produces approximately a third of the world's photovoltaic solar panels each year
 - ▶ Doubling wind energy capacity in 2008 to take fourth spot globally
- ▶ Despite increases, foreign investment is still needed to drive the cleantech revolution

Opportunities for Foreign Investment

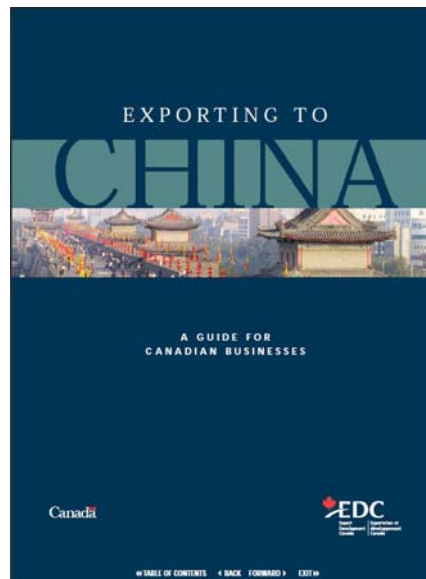
- ▶ Major low carbon business opportunities in China
- ▶ Strong encouragement for foreign companies to enter market in order to help overcome the technology, skills and financing gaps
- ▶ Foreign firms also have huge potential with regards to finance, engineering, technology development and equipment manufacturing

Things to consider when doing business in China....

- ▶ Find a good agent
- ▶ Smaller Canadian firms should partner up with each other in order to increase resources and gain a foothold in the market.
- ▶ Understand the local standards
- ▶ Know value proposition of your product.
- ▶ The needs change from region to region.
 - ▶ Several areas are currently focusing on water.
 - ▶ The mining industry is currently under intense pressure to improve their operations.

Exporting to China

- ▶ Be sure to visit the EDC website to view a copy of “Exporting to China: A Guide for Canadian Businesses”



https://www.edc.ca/english/publications_14151.htm

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