



**PRESS RELEASE**



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## **Canada to Partner with Chinese Developers to Build Large-Scale Sustainable Community in Shanghai**

**OTTAWA, Ontario, November 2, 2005** — The Honourable Joe Fontana, Minister of Labour and Housing, the Honourable Jim Peterson, Minister of International Trade, the Honourable John McCallum, Acting Minister of Natural Resources and the Honourable David Emerson, Minister of Industry today announced that Canada will be cooperating with Chinese developer Shanghai Land Group on the planning, design and identification and supply of technology and products for healthy and energy efficient buildings for a 200,000-person sustainable community at Gucun, Baoshan, about 25 kilometres from Shanghai.

A multi-disciplinary Canadian project team of experts from government agencies and industry is being assembled to support Shanghai Land Group and maximize Canadian commercial opportunities in the development of the new community. A cooperation agreement between Shanghai Land Group and Canada Mortgage and Housing Corporation was signed during Minister's Fontana's recent mission to China.

"This initiative will help support China's desire for sustainable communities and energy-efficient buildings, while creating export opportunities for Canadian technologies, building products, design and planning expertise," said Minister Fontana.

The first phase of the project, which is to commence by year-end, will involve affordable housing in the form of high-rise apartments. The cooperation agreement also covers sustainable-community planning and design, and identifying technologies and products for healthy, energy-efficient buildings.

Five years ago, the Government of Canada, through Canada Mortgage and Housing Corporation (CMHC) began promoting Canadian expertise in energy efficient, healthy housing, and design features to the Chinese market. Chinese builders and suppliers were quite receptive and, as a result, are continuing to work with the Canadian housing industry to design more energy-efficient and healthy housing.

"This collaboration with the Shanghai Land Group is yet another opportunity for China to benefit from Canada's efforts to expand our markets," said Minister Peterson. "Our expertise in the construction of environmentally friendly housing is ideally suited to China's growing housing market."

This project is part of a broader, longer-term approach for increasing Canada's participation in China's housing boom, and to strengthen the necessary infrastructure in China for Canadian technology, including wood products.

"Canada is a leader in wood frame construction technology," said Minister McCallum. "Through this initiative we will be able to demonstrate the attributes of our housing systems to the Chinese and build upon the Government of Canada's aggressive promotion of Canadian wood exports to China's growing market."

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"I am delighted that the Shanghai Land Group has recognized and invested in homegrown Canadian innovation," said Minister Emerson "This project is another good step toward tapping into the Chinese economy and furthering our Pacific Gateway Strategy."

CMHC International offers expertise and advice, often in association with other Canadian partners, to emerging economies and countries in transition to develop their own housing finance systems and housing policies.

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### **Backgrounder**

Five years ago, the Government of Canada, through Canada Mortgage and Housing Corporation (CMHC) began promoting Canadian expertise in energy efficient, healthy housing, and design features to the Chinese market. Chinese builders and suppliers were quite receptive and as a result, are continuing to work with the Canadian housing industry to design more energy-efficient and healthy housing.

Canada Mortgage and Housing Corporation (CMHC) and China have successfully worked together in many areas including building codes, housing finance, energy efficiency and sustainable urban planning. CMHC and the Chinese Ministry of Construction have agreed upon a Mutual Cooperation Plan that has been gradually developed since the visit of Minister Wang Guangtao in Ottawa in September 2004.

### **Highlights of CMHC's Involvement in China**

Icynene Inc. an Ontario-based company recognized as a world leader in foam insulation for steel- and wood-frame construction is one of Canada's leading and most innovative building material exporters to Japan, Korea and China. In 2004, CMHC and International Trade Canada introduced Icynene to select Chinese contractors, builders, and developers. This past March, the company was also part of an 11-company trade mission to Beijing and Shanghai, organized by CMHC.

Last September, Minister Fontana witnessed the project signing ceremony involving the distributors of Icynene Inc. and its first major Chinese clients. Modern Land Group, Liaoning Nianhua Real Estate Development Co, Ltd. and Beijing First China City Development Co., Ltd. purchased The Icynene Insulation System®.

Another successful CMHC initiative, Super E® was developed for international markets by Natural Resources Canada (NRCan), and is being delivered in partnership with Canada Mortgage and Housing Corporation (CMHC) and the Canada Wood Export Program. These Government agencies worked closely with the industry to accelerate the research and development of world-leading, energy efficient and healthy housing technologies.

The Super E® Program is being expanded to China, building on the successes in the United Kingdom and Japan. The program responds to China's need for energy-efficient housing and to the Chinese consumer's interest in healthy housing. International Eco House, Jager, Eurorite Cabinets, Relax a Mist, and Tembec are among the Canadian companies that supplied building products to build Super E® demonstration houses.

Super E® is specifically focused on adapting 50 years of Canadian construction experience for a large variety of climates ranging from Canada's frozen arctic, to maritime climates of the east, and west coasts to the requirements of foreign markets. There have been two launches of Super E® demonstration projects in China with China enterprises and Shanghai Da'An Development Co Ltd. Additional Super E® projects are currently underway.

Through more demonstrations of Canadian technology such as Super E® in China, CMHC hopes to strengthen its cooperation to create unique design and sustainability in future projects.

Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing agency. For over half a century, CMHC has been contributing to improving the living conditions and the well-being of Canadians through four areas of housing activities — housing finance, assisted housing, research and information transfer, and export promotion. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, and making vibrant and sustainable communities a reality across the country.

### **Canada–China Trade Relations**

China has the world's fastest-growing major economy, and has become Canada's second-largest two-way trading partner, with total trade valued at \$30.8 billion in 2004. For the first eight months of 2005, trade between the two countries reached \$23 billion, an increase of 18 percent over the same period last year.

In terms of exports, China was Canada's fourth-largest market in 2004, with exports reaching \$6.7 billion and increasing by an exceptional 40 percent since 2003. Major exports included cereals, wood pulp, organic chemicals, mining products, and fish and seafood.

On the imports side, China is Canada's second-largest import source, and in 2004, imports from China increased by 30 percent over 2003, reaching \$24.1 billion. Canada's top imports from China were electrical machinery, toys and sporting equipment, and furniture and bedding. For the first eight months of 2005, Canada's imports from China grew by 21 percent, keeping up with the increase of last year.

China's manufacturing sector is one of the leading destinations for foreign direct investment. To date, Canadian investment in China has been modest. Negotiations are ongoing in relation to a Canada–China Foreign Investment

Protection and Promotion Agreement (FIPA) and significant progress has been achieved recently.

Securing building materials is a key priority for China in this period of rapid expansion. For example, a growing middle class, coupled with recent changes in property rules, has driven Chinese housing starts to approximately 10 million new units each year. This in turn is driving up Chinese imports of lumber, which approached US \$ 1.4 billion in 2004. Canada is actively seeking ways of expanding its market share of this commodity, which was 6.5 percent in 2004.

China has also demonstrated a strong interest in Canada's oil sands as a means of securing stable long-term supplies of petroleum. The Chinese government and state-owned enterprises are pursuing political understandings and commercial agreements to ensure long-term access to this resource. In April, Enbridge and PetroChina announced a proposal to build a Gateway Pipeline and supply crude oil from Canada to China. The Gateway Pipeline is a proposed \$2.5 billion project to transport up to 400,000 barrels per day of Alberta oil sands production from Edmonton, Alberta, to Kitimat, British Columbia.

The Government of Canada, the British Columbia government, local governments and different private partners have committed themselves to investing up to \$5.3 billion under the Pacific Gateway initiative to revamp the infrastructure facilities at the ports of Vancouver and Prince Rupert, and along the Fraser Valley. This would also include rail system and road system improvements. Investments under the Pacific Gateway initiative would reduce current bottlenecks, which are impeding the growth of bilateral trade.

President Hu Jintao visited Canada in September 2005, marking his first visit to Canada and the third visit by a Chinese President since the two countries established diplomatic relations on October 13, 1970. Canada and China have reached seven new agreements designed to enhance cooperation in the areas of transportation, food safety and nuclear energy, in addition to issuing a joint declaration on science and technology. Agreements include increased collaboration on nuclear energy research and development, including advanced reactor systems, safety and design codes, and sustainable fuel cycles. A new bilateral air accord provides for a three-fold increase in passenger and cargo flights to support the growing and important links between China and Canada. It also contains strong aviation safety and security provisions. Additional accords cover plant and animal health, reproductive health and railways.



Ottawa, November 2, 2005 — **Talking up trade with China:** Joe Fontana, Minister of Labour and Housing (second from right) met informally on Parliament Hill with representatives from Shanghai about enhancing Canadian export opportunities in China. Joining Minister Fontana were (from left): David Emerson, Minister of Industry; John McCallum, Minister of National Revenue and Minister of Natural Resources; Teng Guowei, Vice General Manager, Shanghai Land Group Co.; Fan Huimin, Project Director, Shanghai Land Group Co.; and Jim Peterson, Minister of

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