
Navigating towards success

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Trade mission underlines scale of Chinese market

Members of the local clean-technology industry are basking in the afterglow of a successful exploratory trade mission to China earlier this month, one that resulted in abundant business leads and a number of agreements with Chinese universities, institutions and companies.

Mission participants on the April 18 to 23, OCRI-led expedition to Shenzhen, Chongqing, Beijing and Hong Kong said it significantly broadened their understanding of a surprisingly mature market. Indeed, highlighting the mission was a co-operation agreement between OCRI and the massive Zhongguancun Science Park designed to promote economic communication and co-operation between Beijing and Ottawa.

"We were astounded," said Mike Darch, executive director of OCRI Global Marketing. "The Chinese companies, leaders and universities that we met with proved to us that the market is very real and a huge opportunity for everyone.

"We didn't realize how much activity was going on in clean energy," continued Mr. Darch. "China is actually ahead of the curve, as far as commitment and research. The Z-Park agreement is an excellent example, and we're very excited to have such a great and innovative Chinese partner."

Symbolizing the wealth and scale of opportunity in China, the Z-Park – also known as China's Silicon Valley – covers 230 square kilometres, hosts more than 50 universities and 200 research institutes and boasts a population approaching four million, with 20,000 technology companies and one million technology workers.

The most critical of China's 54 science parks, it's home to more than 2,000 clean-tech companies that cumulatively contribute over six billion renminbi in revenue.

Increased co-operation is moving quickly, according to Mr. Darch. A delegation of 10 new energy and environmental protection companies from China will travel to Ottawa this June, and delegations from Shenzhen and Chongqing are expected later this year. Preparations are also being made for further OCRI China missions, including a second clean energy mission and others tentatively focused on medical and information and communications technology

"Even before we landed back in Canada, e-mails were flying about how to take things to the next step. Why not strike while the iron's hot?" said Mr. Darch.

The mission included representatives from the University of Ottawa and Carleton University, Thermal Energy International, Quadra Solar Corp., Canadian Windfield, Solar and Renewable Energy Corp. and CRTek, VC firm Venture Coaches, and the Department of Foreign Affairs and International Trade.

Despite the scale of the Chinese market, navigating towards success certainly remains a concern for Canadian companies in an unfamiliar marketplace.

Ra'ed Arab, president and CEO of Quadra Solar, expressed excitement at the interest generated in their high-concentrated photovoltaic system, currently in development. Even without a working prototype, he said Quadra had at least one company interested in purchasing a 50-megawatt system, which comes with a \$50 million price tag. However, Mr. Arab's optimism was somewhat guarded, as he cited concerns with intellectual property rights protection in China.

"China is something you cannot ignore. They're very gung-ho on clean tech, but you have to be wary," he said.

For Mr. Arab, any Quadra venture into the China market will likely be through Hong Kong, he added, thanks to a stronger legal system and familiarity with Western business practices. Quadra is currently filing patents in China.

For Ottawa's Thermal Energy, China is a familiar market. The company – which provides custom energy and emission-reduction solutions – has staffed an office in Guangzhou for more than six months. Tim Angus, Thermal's president and CEO, said he understands the worries of businessmen like Arab, but fears those same concerns are keeping too many Canadian companies away from a lucrative market.

"There seems to be a lot of ignorance about the risks involved in China," said Mr. Angus. "You can stay at home and stick your head in the sand, or get out there and sell your systems. Companies here are very eager to enter into partnerships."

Mr. Angus credits the OCRI mission for building awareness, suggesting further missions will help dispel negative myths and increase an overall understanding of the market. He added a presence in China should be paramount for any company in the sector.

"It will be one of the only growing markets for large countries moving forward in the next 20 to 30 years. Without having a local presence on the ground in China with a deep understanding, it is very difficult."

Aside from business leads generated on the mission, the University of Ottawa and Carleton University said they found many willing partners. The University of Ottawa signed five separate agreements with companies, universities and institutions in Chongqing, Beijing and Hong Kong. Carleton, meanwhile, left China with a 10-year agreement with a motor company in Shenzhen to develop CNG, LPG and methanol fuels, and three letters of intent with companies in Beijing to explore clean energy technologies.

Both universities said they expect to sign additional agreements, increase the exchange of faculty and students, and initiate joint research programs.

A daily blog posted by Mike Darch which recounts adventures and details of the trip can be found at <http://ocri.wordpress.com/>

By David May

Special to the Ottawa Business Journal

IN BRIEF

*Agreements signed with **Carleton University**:*

- *Shenzhen Gangpen Motors to develop CNG, LPG and methanol fuels plus heating and A/C – this is a 10-year agreement aiming for a long-term relationship.*
- *Letter of intent signed with Creatvow Invent Co. to explore possible clean energy technologies – this is for three years.*
- *Letter of intent with Beijing Zijiang Technologies to explore possible clean energy technologies – this is for three years.*

*Agreements signed with **U of Ottawa**:*

- *Chongqing University*
- *Institute of Engineering and Thermophysics*

- *College of Horticulture and Landscape*
- *Southwestern University of Science and Technology*
- *China Academy of Science and Technology*
- *Creatvow Invent Co. – agreement for joint research activities in new technologies (biomass, solar energy)*
- *Preparing agreements with University of Hong Kong and Hong Kong Polytechnic University*

Thermal Energy

- *Co-operation agreement with South China University of Technology*

Ottawa Centre for Research and Innovation

- *Signed a co-operation agreement with Zhongguancun Science Park, Beijing*
- *Z-park delegation to visit Ottawa in June, delegations from Shenzhen and Chongqing also expected later this year*

