

incompatible with WTO rules. The value of a rule book is that all members are bound by and play by the same rules.

That has been a fundamental objective of the multilateral trading system. And it clearly informs Canada's strategy in the accession negotiations.

China's accession to the WTO on the right terms will ensure a more predictable environment for Canadian companies. Canada will do what is necessary to attain that goal. It is expected that China will also do so.

As significant as China's World Trade Organization membership will be, it is in fact only a minimum requirement for China's future and full participation in the multilateral trading system. The momentum toward the further removal of trade barriers and greater trade liberalization worldwide, propelled by the Uruguay Round and accelerated by regional trade agreements such as the North American Free Trade Agreement [NAFTA], demands China's involvement beyond membership in the WTO.

A year ago, in Jakarta, Indonesia, the countries of the Asia-Pacific Economic Co-operation [APEC] forum committed themselves to reaching a comprehensive free trade agreement no later than the year 2020. The fact is, for that commitment to have meaning, China must first of all meet the fundamental prerequisite for participation: membership in the World Trade Organization. No progress can be made toward enhanced free trade unless there is first full adherence to the foundation accord upon which all regional agreements are based.

One cannot underestimate the importance of the APEC commitment. The region has become the focal point of immense shifts in the global economy. The continued growth of Japan, Korea, Singapore, Taiwan, Hong Kong, Indonesia, Thailand and Malaysia have transformed not only the region's economy, but the world's.

And APEC is an important bridge between the NAFTA and the emerging economies of the Americas and the rapidly developing Asian economies. APEC will reduce the possibility of a fault line through the Pacific arising from regional integration within Asia or by the extension of free trade throughout the Americas. Full Chinese involvement in and commitment to APEC is essential.

Good trade agreements foster good economic relations. They do not create them. The real substance of Canada-China economic ties is in the multitude of transactions between Canadian companies and their Chinese counterparts. And close examination shows an important and positive change in the nature of those transactions over the last decade. Rather than commodity-based, they are becoming, increasingly, manufactured products, with more value added in Canada.