intellectual property laws and regulations, including lowering the threshold value required to take criminal action against intellectual property piracy and counterfeiting, and agreeing to fair and equitable judicial procedures for plaintiffs and defendants in cases alleging violation of intellectual property.

Import and Export of Goods and Distribution of Goods

China currently maintains a number of controls on the import and export of goods (referred to as trading rights) and on the trade and distribution of goods within China. In 2001, only about 35 000 Chinese enterprises were authorized to import and export.[5] Under the terms of accession, China will progressively liberalize the availability and scope of trading rights, so that, within three years after accession, all enterprises in China (both foreign and Chinese) will have the right to trade almost all goods throughout the customs territory of China. Upon accession, foreign-invested joint ventures will be allowed to provide wholesale distribution services upon accession, and foreign-invested enterprises will be able to distribute products they have manufactured in China. Retailers will face some geographic restrictions for the first three years after accession. A small number of products will face limitations on distribution by foreign-invested companies for up to five years after accession.

Foreign Investment

Foreign investment regulations will be liberalized. China has been the developing world's largest recipient of foreign direct investment (FDI) since the early 1990s. However, due in part to the Government's performance and technology transfer requirements, the quality of foreign investment has generally been low, as has been the value that FDI has added to the economy. WTO rules do not govern the conditions of foreign or domestic investment within a member per se, but they do limit the use of certain investment requirements that violate the WTO principle of national treatment of imported goods[6] and the prohibition against quantitative restrictions on imports. Under the terms of accession, China will eliminate and cease to enforce legal and regulatory requirements for trade and foreign exchange balancing, export performance, and use of local content. China will not enforce provisions of contracts imposing such requirements. Transfers of technology and proprietary knowledge will only require agreement between the parties to the investment. Permission to invest in China will be granted without regard to the existence of competing Chinese domestic suppliers. China has also made extensive commitments on foreign investment in services.

Telecommunications

The telecommunications sector will be a major beneficiary of China's accession. Under the terms of its accession to the WTO, China will join the WTO's Information Technology Agreement (ITA) and will therefore eliminate tariffs on telecommunications equipment by 2004, from an average of about 13% in 2001. Canadian exports of such products were more than $200 million in 2000. Mobile, paging and value-added telecommunications services will be opened to foreign-invested joint ventures upon accession, with geographic restrictions that will be phased-out within two to five years. The larger international and domestic voice and data market will be opened to foreign-invested joint ventures three years after accession, with geographic restrictions that will be phased out three years thereafter.

Financial Services

Financial services is another major sector of interest to Canadian exporters that will be opened to foreign companies under the terms of accession. Different levels of foreign ownership will be allowed, depending on the type of corporate structure (e.g. joint venture or subsidiary) and the subsector. Geographic restrictions on foreign provision of services will be phased out three years after accession for insurance and five years after for banking. Three years after accession, foreign-invested joint ventures will be able to underwrite all shares on Chinese stock markets, as well as government and corporate debts, and to launch domestic securities investment funds. Foreign banks will be allowed to provide services in Chinese currency to Chinese businesses within two years and to all Chinese clients within five years.

[5] Foreign-invested enterprises may also be granted foreign trading rights, but only for the import of equipment and inputs to production, and for the export of goods they have produced in China.

[6] The TRIMS Agreement does not apply to services.