

the scope and implementation of these measures, and we will continue discussions with Chinese authorities to ensure that China addresses this matter in a way that is consistent with WTO rules.

Newsprint

Anti-dumping duties of between 59% and 79% have been in effect in China on Canadian newsprint since a preliminary determination on July 10, 1998. The duties will expire on July 10, 2003. China may issue a public notice before the expiration of the duties, calling on interested parties to submit their views regarding the renewal of anti-dumping duties.

INVESTMENT

In 2002, China was the largest recipient of FDI in the developing world. Canadian direct investment in China has shown a consistent increase in recent years, rising from \$419 million in 1997 to \$960 million in 2001 (while Canada received \$203 million in direct Chinese investment during 2001). The average size of new investments is steadily increasing, and the profile of the average investment is shifting from small family enterprises to the more sophisticated operations of multinational companies. Canada continues to consider China a priority for the negotiation of a foreign investment protection and promotion agreement, and discussions toward restarting negotiations are ongoing.

Hong Kong

Overview

The Hong Kong Special Administrative Region maintains considerable autonomy in economic, trade, cultural and political affairs and will continue to do so until 2047. Hong Kong has its own fiscal system and does not remit revenue to the central government, nor does the central government levy tax. The Hong Kong dollar, pegged to the U.S. dollar, continues to circulate as legal tender, and Hong Kong remains a free port and a separate customs territory.

This distinct economy is a member of APEC and the WTO under the name "Hong Kong, People's Republic of China."

Hong Kong remains an aggressively free-market economy, with virtually no barriers to entry or doing business. With the exception of excise taxes on autos, fuel, liquor and cigarettes, there are no duties, taxes or quotas on imported goods.

Canadian firms continue to enjoy excellent access to the Hong Kong market, and there are no outstanding bilateral market access issues. Canada exported \$1.2 billion to Hong Kong in 2002 and also imported goods worth almost \$1 billion. Trade in services is extensive. The Hong Kong government continues to develop its own economic, fiscal and budgetary policies based on its own interests and its dependence on trade. The policy of minimal government interference in the economy continues to apply equally with respect to trade in goods and services and to investment. In addition to being an attractive market in its own right, Hong Kong remains China's largest port and the entrepôt for most of China's value-added imports and exports, particularly goods exported by small and medium-sized enterprises.

Investment

In 2001, Hong Kong was the eighth-largest investor in Canada with \$4.3 billion (stocks) in investments. Canada has invested \$4.8 billion in Hong Kong. There was a significant concentration of Canadian investments in the financial services sector. In general, Canadian investors face few difficulties in the Hong Kong market, which features excellent infrastructure, low taxes and high value-added direct investment.

Republic of Korea

Overview

In 2002, Canada's goods exports to the Republic of Korea totalled almost \$2 billion, and imports were \$4.9 billion. Korea is Canada's third-largest market for goods exports in the Asia-Pacific region (after Japan and China), and the eighth-largest worldwide.