

agreement reached between Chinese Taipei and the United States, Chinese Taipei extended to the United States exclusive access for several meat products. This affected prospects for products that are of strong export interest to Canadian suppliers. The preference favouring the United States was implemented within a few months and will remain in effect until the time of Chinese Taipei's accession. At that point, Chinese Taipei would have to comply with the MFN obligation of the WTO and open up its market for these products to Canada as well as to other WTO Members.

This current problem of incremental discrimination facing Canadian meat products in the Chinese Taipei market must be resolved for Canada to officially conclude the bilateral market access negotiations with Chinese Taipei. Canadian negotiators have met with Chinese Taipei counterparts several times to address this issue. Canada raised the matter of increased discrimination in Chinese Taipei's import regime during the May 1998 Working Party deliberations as well.

A positive development for Canadian exporters in 1998 was Taiwan's reductions in its tariff rates for canola seed (reduced to 3.5 percent) and canola oil (reduced to 6 percent). These reductions, applied on an MFN basis, resulted from Canadian pressure during the accession talks. They were implemented on an interim basis on July 15, 1998 for up to a year, pending legislative approval.

Apart from Canada, Chinese Taipei has now formally concluded its bilateral talks with most of the 26 trading partners with whom negotiations talks were undertaken. As a result, the focus of Chinese Taipei's accession negotiations has turned to the multilateral stage. The Working Party meeting in May 1998 — the first since February 1997 — began discussion of a draft Working Party Report and Protocol of Accession. Canada also participated in an informal, plurilateral meeting of experts in July, that focused on agricultural policy issues as well as subsidies.

As part of its WTO accession, Chinese Taipei has also applied to join the WTO Agreement on Government Procurement. Our bilateral negotiations in this regard continue.

## INDIA

### Overview

The Indian economy has changed dramatically since 1991, when India launched its program of economic reforms and trade and investment liberalization.

India's economic growth rate was 6 to 7 percent per year from 1993 to 1998. The fundamentals of the Indian economy are sound and have not been seriously affected to date by the financial problems in East and Southeast Asia. Measures and sanctions against India imposed after its nuclear tests have had little effect to date on the Indian economy.

The decision by G8 countries to postpone consideration of IFI loans for other than basic human needs projects may affect Indian infrastructure development in the future. Total Canada-India merchandise trade for 1998 reached \$1.25 billion, with a balance of \$549 million in India's favour. Canadian investment in India is significant, with approved investment of \$125 million in 1997.

Since liberalization began, the Indian government has been steadily lowering tariff rates, from a peak rate of 300 percent in 1991 to a maximum in 1997/98 of 40 percent (with a few exceptions). However, the 1996/97 budget announced a temporary additional 2 percent duty, and in September 1997 another 3 percent temporary duty was added. These duties remain in place, and another 4 percent Special Additional Duty was introduced in the June 1998 budget. Canada has expressed its concern regarding these additional duties, and will pursue this issue, along with other interested countries, at the WTO.

India offers significant opportunities for Canadian trade and investment, particularly in areas of traditional Canadian strength, such as telecommunications, power equipment and engineering, infrastructure development and environmental technology. According to the Economist Intelligence Unit, India will have a US\$700 billion economy and a middle class of 80 million households within 100 months. These opportunities were the inspiration for the successful 1996 Team Canada trade mission to India, during which Prime Minister Chrétien led a group of seven Provincial Premiers, two Cabinet Ministers and 300 business people to boost trade and investment ties.