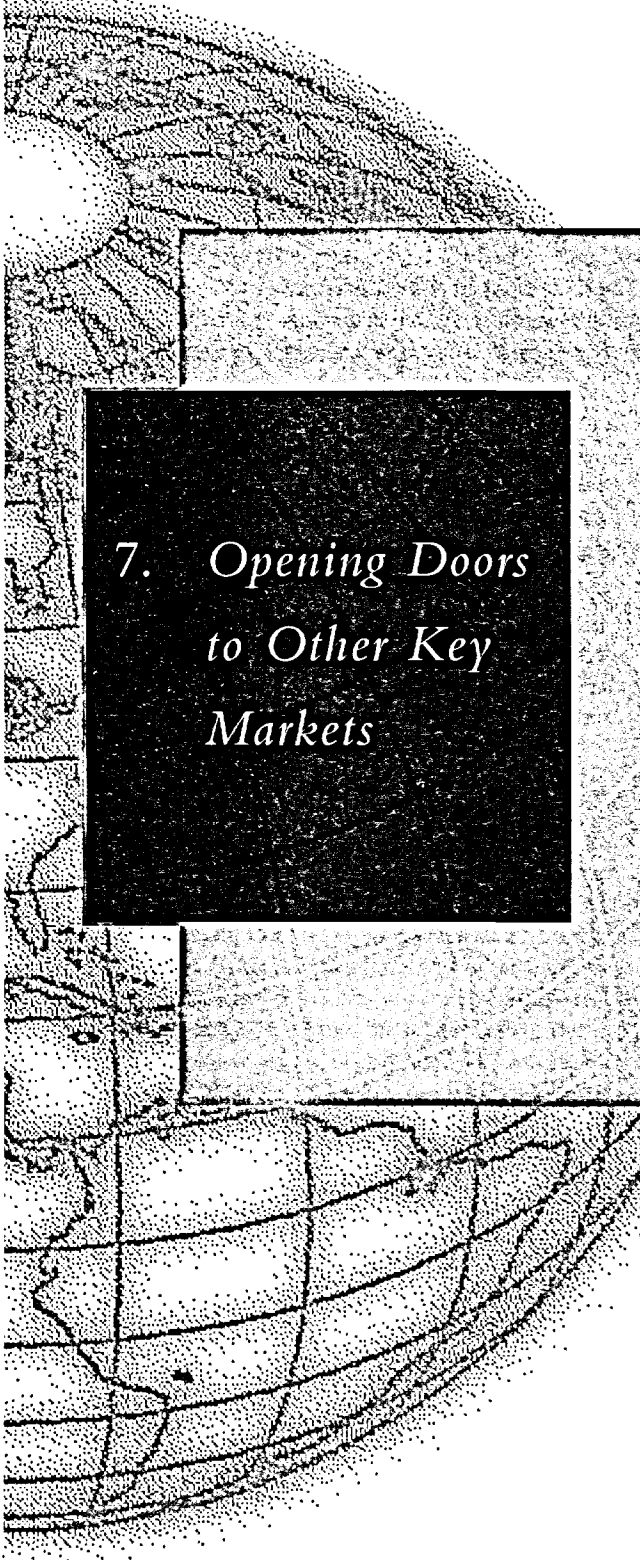




7. *Opening Doors to Other Key Markets*

AUSTRALIA

Overview

Australian imports from Canada were down 1.5 percent to \$934 million in 1998, while Canadian imports from Australia climbed 9.3 percent to \$1.29 billion for a two-way total of \$2.23 billion. Canadian sales successes in Australia continue to be oriented toward fully manufactured goods, a pattern closer to that of the United States than of any other Asia Pacific market.

There are natural affinities between Canada and Australia arising from similar legal and regulatory systems, comparable federal structures and a trading relationship reaching back over 100 years. Most trade between the two countries takes place at MFN rates, including substantial amounts at duty-free rates.

As of July 1, 1998, most MFN applied rates were at, or below, 5 percent. However, some tariff peaks reaching into the 25 percent to 30 percent range remain, e.g., passenger motor vehicles, textiles, clothing and footwear. Some important non-tariff measures have an impact on market access, especially the tough sanitary and phytosanitary requirements imposed by the Australian Quarantine and Inspection Service. Most fisheries, meat, livestock, fruit, vegetable and food product imports face restrictive measures, ranging from prior approval and lengthy time delays in quarantine (e.g., Canadian dairy and beef breeding stock, and ostriches) to outright bans (fresh, chilled and frozen salmon). Other measures affecting access for Canadian goods and services include product standards; government procurement practices (which vary from sector to sector, and from Commonwealth to state levels); and trade-remedy laws (Australia is among the most active users of anti-dumping and countervailing duty statutes).

Market-opening Results in 1998

- November 1998, the WTO Dispute Settlement Body adopted the WTO Panel and Appellate Body reports confirming Canada's position that Australia's ban on imports of salmon from Canada violates Australia's WTO obligations.
- In January 1999, Australia announced that it would refrain from taking trade restrictive action on imports of pig meat.