

- Ensure that restrictions on the import of bovine semen and cattle from Canada to India are eased.
- Seek tariff reduction on canola oil, as well as advocate Canada's opposition to the application of safeguard duties on canola oil.
- Seek to reduce the level of tariffs on spirits.
- Seek removal of the requirement for methyl bromide fumigation of pulses exported to India.
- Continue to assist India in reforming its telecommunications policies and regulations.
- Press India to raise its ceiling on foreign direct investment in the insurance sector.
- Seek clarification of, and amendments to, India's recently announced Plant Quarantine Order, to minimize any negative impact on Canadian agricultural exports.

IMPROVING ACCESS FOR TRADE IN GOODS

Agricultural and Manufactured Goods

In 2003, Canada's agri-food exports to India totalled \$105 million, the majority of which were pulses (peas, chickpeas and lentils). Canadian exporters are seeking improved access to the Indian market for some agricultural products but have concerns regarding India's import requirements and tariff levels. India's recently announced regulation, the Plant Quarantine Order of 2003, has introduced additional import requirements that may further restrict Canadian exports.

India maintains a negative list of imports, which encompasses prohibited, restricted and canalized items. Prohibited items include wild animals and birds; tallow, fat or oils of animal origin; ivory; beef and beef products; and rennet. Restricted items include firearms, certain medicines and drugs, and poppy seeds. Import permits are required for some agricultural products such as seeds for sowing and livestock products. Canalized items are channelled through a designated product-specific state trading enterprise. For example, the Food Corporation of India is the canalizing agency responsible for imports of most cereals. Canada will continue to encourage the Indian government to bring its import regime into full compliance with WTO disciplines.

Pork

India does not accept Canada's pork export certificate, because it does not cover some diseases that India requires to be reported. Canada views India's requirements as more trade-restrictive than necessary and will continue to press for changes so that trade can take place.

Bovine Semen

In 1997, India banned the import of bovine semen from Canada. Following representations from Canadian officials, India announced in 2001 that it would lift the ban. However, imports have not resumed, because no import permits have been issued by the Indian government. Canada will continue to press India for a final resolution of the issue.

Canola Oil

Canada is seeking improved market access for canola oil to increase its competitiveness vis-à-vis other edible oils. Canada is also seeking to prevent the application of safeguard duties on canola oil in the context of India's ongoing safeguard investigation on all edible vegetable oils.

Spirits

While India consumes about 75 million cases of spirits, imported products account for only 1% of this total. Domestic producers are powerful and have successfully lobbied the government to restrict imports to a minimum. India's basic rate of duty is slated to fall from 210% to 150% over five years, as per its WTO commitment—this rate is still far higher than that in other developing countries, such as China. After the elimination of quantity restrictions, the Indian government imposed an additional duty on imported spirits in the range of 20% to 150%, depending on landed cost. The states also impose their own duties. As a result, the total effective rate of duty on imported spirits can range between 400% and 700%. Canada is seeking reductions in these tariffs.

Pulses

Under its recently announced Plant Quarantine Order, India requires the fumigation of pulses with methyl bromide at 28 degrees Celsius before import