

## BACKGROUND

### CANADA-CHINA TRADE RELATIONS AND THE CANADA-CHINA JOINT ECONOMIC AND TRADE COMMITTEE

Canada enjoys a strong trading relationship with China. Built on a foundation of wheat sales, two-way trade grew substantially throughout the 1970s and 1980s. In 1992, two-way trade was valued at \$4.6 billion. Bilateral trade is essentially balanced, with imports valued at \$2.4 billion and exports at \$2.2 billion. China is Canada's fifth-largest trading partner.

Aside from traditional exports, Canadian value-added goods such as telecommunications, electrical and specialized mining equipment, aircrafts and plastics were worth approximately \$400 million in 1992. Economic reforms in China over the last several years, in such areas as investment and trade laws and regulations, and in taxation and tariff structures, will serve to progressively open China's markets throughout the 1990s.

Canada's exports to China are expected to reach \$6 billion by 1995, given the close relationship between China's need for imports and infrastructure equipment and Canada's major export strengths in such areas as power generation, agriculture, telecommunications, petrochemicals and transportation equipment.

Textiles account for the largest share of our imports from China. While many items in this category are under restraints, China has experienced in recent years the largest growth in value of clothing exports to Canada of any supplying country. China also sells to Canada toys, fabrics, footwear and small appliances.

Canada's trade activities in China are managed by the Canadian Embassy in Beijing; a Consulate General in Shanghai, which covers eastern China; and a satellite office in Hong Kong to cover the southern Chinese provinces. In addition to this federal presence, the provinces actively pursue China trade development programs.

The 1973 Trade Agreement between Canada and China established a Canada-China Joint Trade Committee. "Economic" was added to the name at the 11th meeting on November 5-6, 1991 in Beijing. The Joint Economic and Trade Committee is a working-level meeting of officials, who meet periodically to review trade and economic co-operation issues of mutual interest. The meetings alternate between Ottawa and Beijing.

The Canadian delegation, led by Deputy Minister for International Trade, R. Allen Kilpatrick, will include officials from Industry, Science and Technology Canada, the Export Development Corporation, the Canadian International Development Agency, Agriculture Canada, the Department of Energy, Mines and Resources, and the Department of Communications.