

oil and gas, transportation and agriculture provide a perfect match for China's enormous economic development needs.

This government recognizes that high-level political contacts are and will continue to be an important element in opening doors for Canadian companies and making senior Chinese leaders aware of Canadian capabilities. That is why this year will see many high-level visits between Canada and China, culminating in the visit of the Prime Minister to China in November.

It is because Canada firmly believes in an international trading regime based on agreed and predictable rules that we strongly support China's entry into the new World Trade Organization (WTO). That membership, however, brings obligations, not just benefits. The WTO will have standards and codes of conduct which would bind China just as they bind any other member.

It is our view that conditionality of trade on respect for human rights is not a fruitful path to follow. Washington's decision last week to renew China's most-favored-nation status shows that the United States administration has also reached this conclusion.

Sustainable development

Sustainable development is the second pillar on which our relations with China are built. Canadians believe that it is essential to protect the environment while promoting economic growth. We will build a solid economic relationship with China if, and only if, the latter's development is sustainable.

In order to do this, countries like Canada must provide support to China — support that incorporates not only the economic aspects of development, but the social, political and environmental aspects as well. Allow me to use environmental protection as an example. China's burgeoning population is placing considerable pressure on its natural resources. It has to have enough water and arable land to feed over a billion people. However, water shortages in China are increasingly frequent and serious. The beds bearing underground water are gradually deteriorating. The level of lake and river pollution is alarming. Erosion, salinization and urbanization are taking their toll on agricultural land. China is the world's largest consumer of coal, and coal-fed electrical generators are the engine of its growing economy. However, the human and environmental cost of burning coal is tremendous. Air quality and acid rain are problems of an urgency unknown in Canada. The impact of this on global warming must not go unheeded by the international community.

Canada can assist China to increase its ability to manage its environment. This we can achieve through economic ties and