and streamline the Indian economy. These include: the Insurance Regulatory and Development Authority Act (detailed in the section on financial services below), the Foreign Exchange Management Act, the Trade Marks Bill, the Geographical Indicators of Goods Bill, the Designs Bill and the Copyrights Bill. Total Canada-India merchandise trade for 1999 reached $1.4 billion, with a balance of $628 million in India's favour. Canadian investment in India is relatively modest in comparison with that of other major industrialized countries, with approved direct investment of $229 million in 1998.

Since liberalization began, the Indian government has been steadily lowering tariff rates from a peak rate of 300 percent in 1991 to a maximum of 40 percent (with a few exceptions) in 1997-1998. However, the 1996-1997 and 1997-1998 budgets announced temporary additional duties of 2 percent and 3 percent respectively. 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. India has a GDP of about US$470 billion, and over 40 million Indian households have an annual income in excess of US$4,000. These opportunities were the inspiration for the successful 1996 Team Canada trade mission. Led by Prime Minister Chrétien, a group of seven provincial premiers, two cabinet ministers and 300 business people worked to boost trade and investment ties with India. The growing Canada-India bilateral trade and investment ties have, since then, been facilitated by a number of organized business delegations visiting each other's territories, most notably the Confederation of Indian Industry (CII) delegation that visited Canada in August 1999 and the Canada-India Business Council (C-IBC) delegation that visited a number of Indian cities in October 1999.

Market Access Results in 1999

- Under an agreement announced January 10, 2000, quantitative restrictions (QRs) and import-licensing requirements will be lifted on 1429 agriculture, textile and consumer products. QRs on 714 tariff lines will be eliminated by April 2000, with the remainder phased out by April 2001.
- In October 1999, new telecommunications legislation was passed that will allow basic and cellular service operators to migrate from the existing system of a fixed-licence fee to a revenue-sharing regime. This will enhance market access for new entrants.

Canada's Market Access Priorities for 2000

- press India to respect its ITA commitments, particularly for telecommunications equipment;
- ensure that the accelerated phase-out of QRs on the remaining 1429 tariff lines under the recent (January 10, 2000) Indo-U.S. Agreement is also afforded to Canadian exporters, to be consistent with MFN rules;
- press India to ease existing restrictions on the import of bovine semen from Canada; and
- continue to assist India in reforming its telecommunications policies and regulations.

Telecommunications

Canadian firms continue to have difficulties in penetrating the Indian market for telecommunications goods and services. In the basic and cellular services sector, non-transparent bid methods and additional fees added after the bidding process have frustrated access to the market. However, some of the new fees for basic and cellular services have been reduced or eliminated.

High tariffs (in the 40 percent to 50 percent range) have impeded the ability of Canadian firms to sell in the Indian telecommunications market. Canada is encouraged that India has joined the ITA with a commitment to eliminate its tariffs on a wide range of IT products by 2005 at the latest.

On May 13, 1999, India removed the concessional duty for specific telecom equipment of interest to Canada and other industrialized countries, resulting in duty rates for these particular goods violating