

- Continue to assist India in reforming its telecommunications policies and regulations.

IMPROVING ACCESS FOR TRADE IN GOODS

Agricultural and Manufactured Goods

In 2001, Canada's agri-food exports to India totalled \$200.5 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 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 norms.

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 as 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

India applies a tariff of 45% on soybean oil and 85% on canola oil. Canada is seeking improved market access for canola oil to increase its competitiveness vis-à-vis soybean oil. 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.

Pork

India does not accept Canada's export certificate for pork, because the Canadian certificate does not cover some diseases that India requires to be reported. Canada views India's requirements as overly stringent since Canada currently exports pork to over 100 countries.

INVESTMENT

Extensive reforms were introduced in India in 1991 to liberalize foreign investment and simplify the approval process. Prior to that time, companies could enter India only if they brought technology with them. Although investors still face certain restrictions, the number of sectors that do not require approvals, or for which approval limits have been raised, has been growing rapidly in recent years. Annual FDI inflows into India have increased dramatically from less than US\$100 million in 1991 to more than US\$2.3 billion in 2001. Canadian direct investment in India is still modest, but the flow increased to \$18 million in 2001 from \$2.4 million in 1991.

Australia

Overview

Australian imports from Canada totalled \$1.1 billion in 2002, while Canadian imports from Australia amounted to \$1.7 billion, for a two-way total of \$2.8 billion. In 2001, Canadian direct investment in Australia amounted to \$3.4 billion and foreign direct investment in Canada from Australia was \$1.6 billion. Canadian sales successes in Australia continue to be oriented toward fully manufactured goods, including aircraft and automobile parts. Pork and lumber are also among the major Canadian exports to Australia.

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 most-favoured-nation rates, although a substantial amount benefits from duty-free rates.