

In February 2001, the Prime Minister led the largest-ever Team Canada mission to China and Hong Kong, with 600 business delegates, eight provincial premiers and three territorial leaders. The mission raised the profile of Canadian businesses in nine key economic sectors: information and communications technologies; agriculture and agri-food; construction, building materials, products and services; environmental industries and technologies; transportation; energy resources and technologies; health and financial services; educational technologies and services; and tourism.

Team Canada's visit sent a strong message that Canada has a long-term commitment to doing business in China. The presence of the Prime Minister and the provincial and territorial leaders facilitated Canadian businesspeople's access to key economic decision makers in China. The mission resulted in \$5.7 billion in new business deals and letters of intent for Canadian enterprises.

Despite the opportunities that China presents, a number of significant problems and practices impede broad Canadian access to all segments of the Chinese market. Canadian companies must bear in mind that China consists of a number of distinct regional markets, similar to the United States or the European Union, each operating and evolving in a distinct and sometimes autonomous fashion. Some elements of the former planned economy remain, however, so in certain types of economic activity, or in projects whose scale exceeds a threshold size, the central government continues to play a key and sometimes decisive role.

As a component of the regular, high-level contact between the two countries, Canada and China engage in formal consultations to review matters of interest and concern related to economic development, trade and investment. This is facilitated through regular bilateral discussions, the most prominent being the Joint Economic and Trade Committee. These country-to-country meetings permit Canada the opportunity to register its concerns regarding access to the Chinese market, and to communicate its views on economic development and the importance of transparency and rules-based market economics. The 17th Joint Economic and Trade Committee meeting is planned for May 2002 in Beijing.

A major achievement in 2001 was China's formal accession to the World Trade Organization, which

took place on December 11, 2001. The extensive commitments China has made to substantially lower barriers to foreign trade and investment, and to increase the predictability and transparency of its trade regime, will engender profound changes in its economy and governance. This will result in significant new business opportunities for Canadian exporters and investors in sectors in which Canadian firms have a comparative advantage. China will face considerable challenges in fully implementing the agreement and in pursuing further economic reform, but in the long run, economic growth and prosperity will be strengthened.

MARKET ACCESS RESULTS IN 2001

China's Accession to the WTO

China announced its intention to join the General Agreement on Tariffs and Trade (GATT) in 1986. Negotiations did not begin in earnest until 1994, and it was unable to secure membership before the launch of the WTO in 1995, which incorporated and built upon the GATT. Bilateral negotiations with interested WTO members addressed specific market access barriers; Canada and China concluded a bilateral agreement in November 1999. Some 40 other WTO members also negotiated individual agreements with China, the results of which were consolidated into a single schedule of market access commitments by China, and which were applied to all WTO members on a most-favoured-nation (MFN) basis. Multilateral negotiations at the WTO headquarters in Geneva sought commitments that China would make changes to its trade regime to ensure consistency with WTO obligations.

In acceding to the WTO, China has agreed to liberalize access for foreign goods and services, and has accepted the rights and obligations that are embodied in the WTO Agreement, including the fundamental principles of national and MFN treatment. China has also made specific commitments on matters of concern to WTO members regarding the consistency of its existing trade policy regime with the WTO Agreements. The contractual nature of the WTO means that all the commitments contained in the accession documents constitute new rights for China's trading partners in the WTO, and as such they are enforceable through the WTO's dispute settlement system, a central element