

Trade and Investment

- Canada-China bilateral trade relations have grown rapidly since China embarked on an open door policy of economic reforms, creating new trade and investment opportunities for foreign partners. Canada-China trade grew substantially to reach \$4.8 billion in 1993.
- Canada currently enjoys a promising trading relationship with China. Built on a foundation of wheat sales, two-way trade grew substantially through the 1970s and 1980s, reaching nearly \$5 billion in 1993. Wheat, fertilizers, wood pulp and other traditional commodities continue to be our main exports to China, although manufactured goods are also registering noteworthy increases lately. China's import and infrastructure requirements correspond to Canada's prime export strengths in areas such as telecommunications, power generation, transportation, mining and petrochemical industry, agricultural products and technology.
- Under a trade agreement signed in 1973 (and extended every three years since), Canada and China grant each other most-favoured-nation (MFN) trading status. Commercial relations with China are facilitated by the Canada-China Joint Economic and Trade Committee (JETC) which meets alternately in Ottawa and Beijing. The last JETC meeting was held in May 1993, in Ottawa.
- Canada and China have also signed a number of Memoranda of Understanding in sectors such as agriculture, forestry, telecommunications, transportation, ferrous and non-ferrous minerals and metals, with the objective of encouraging technological exchanges and business relations in these areas.
- In 1984, the Export Development Corporation (EDC) signed a \$2-billion General Financing Protocol with the Bank of China. In 1986, a \$350-million concessional tranche was incorporated; this concessional facility was renewed for a further two-year period in October 1988, and again in 1991. EDC recently secured the replenishment of concessional facility for up to \$100 million.
- Canada supports China's accession to the General Agreement on Tariffs and Trade (GATT) and has taken an active role in the GATT Working Party concerning that accession.
- Canadian companies have invested approximately \$300 million in China and there are an increasing number of companies interested in expanding their operations there. Northern Telecom recently concluded an important agreement with China. China's largest investment in Canada is in the Castlegar Pulp and Paper Mill in British Columbia.

July 1994

Note: All monetary values are listed in Canadian dollars.
All trade statistics have been calculated on a Customs Basis and are based on Statistics Canada's *Preliminary Statement of Canadian International Trade*, December 1993.