

four years, Canada has exported 270,000 tons of dried peas to China, valued at \$62.5 million and making China our fifth-largest customer.

Canada's Market Access Priorities for 2003

- ❑ Continue to address market access problems that arise and seek improved access for Canadian agricultural products.
- ❑ Continue to address the problems arising from the new regulations that China has put in place in the banking, insurance and fund management sectors.
- ❑ Continue to address industry's concerns about burdensome Chinese requirements to re-certify under the new system of certification and accreditation.
- ❑ Continue discussions toward reinitiating negotiation of a bilateral foreign investment protection agreement.

IMPROVING ACCESS FOR TRADE IN GOODS AND SERVICES

China's Accession to the WTO

Since its entry into the WTO, China has been working energetically to implement its accession commitments. Tangible progress is being made on several fronts. China is reforming its systems for the management of international economic activities according to WTO rules. A solid domestic legal foundation for the fulfilment of its WTO commitments is being laid. The range of commodities subject to quota and other licensing restrictions is being narrowed, and tariffs are being reduced on over 5,000 tariff lines, ensuring that China will attain an overall average tariff level of 12% by 2005, in keeping with commitments made. There is a discernable trend away from macro-economic control and adjustment through administrative measures toward market signals and mechanisms, which will accelerate the establishment of a market economy in China. Profound changes are being made to the structure of China's economy, the relationship between government and industry, government structures and procedures, and legal and regulatory frameworks. However, these changes will take time.

Canada and other parties will continue to ensure that China adheres to WTO rules aiming to ensure transparency and consultation with trading partners in the implementation of new policies and procedures.

A Transitional Review Mechanism (TRM) was established as part of China's accession. This review will take place every year for the first eight years following China's accession, and then again in the 10th year. It will give WTO members the opportunity to review progress being made by China in implementing its commitments in a manner consistent with WTO rules. Canada will participate actively in this process.

Implementation of China's WTO Commitments—Highlights

On January 1, 2002, China made a broad range of tariff reductions, including on key Canadian exports or potential exports. Examples include tariff reductions for frozen beef (from 39% to 25%), malt (from 26% to 10%), lightweight coated paper (from 15% to 9%), mobile communications base stations (from 9% to 0%), and small and mid-sized autos (from 70% to 44%).

China also made hundreds of regulatory and legislative revisions and issued numerous new regulations as part of meeting WTO requirements. In some cases, these regulations provided new opportunities for Canadians. For example, regulations were issued that, for the first time, allowed for foreign investment in the mutual fund management business; other regulations were issued that, for the first time, allowed for foreign majority ownership of engineering consulting companies. In other cases, revised regulations improved the business environment, such as in the area of intellectual property protection, or provided greater transparency about licensing procedures and criteria, such as in banking.

For more information on the terms of China's accession to the WTO, please visit the Department of Foreign Affairs and International Trade Web site (www.dfait-maeci.gc.ca/tna-nac/WTO-CC-e.asp).