

## Softwood Lumber

Chinese Taipei is a major market for softwood lumber, but only for the lower grades used for packaging. The market is open to increased use of wood in construction, but the opportunity is held back by the concern of financial and insurance institutions that the island's wood building code is insufficiently prescriptive to assure adequate quality. The Canadian wood products industry is currently working with the Chinese Taipei government on the revision of its wood building code. Revisions have been proposed, but the timing for implementation has yet to be set.

## India

### Overview

The Indian economy has changed dramatically since 1991, when India launched its program of economic reforms and trade and investment liberalization. India's economic growth rate averaged 6.5% between 1993 and 2000.

The process of economic reforms continues, if somewhat hesitantly. All remaining quantitative restrictions were lifted in April 2001. The insurance sector has been opened to private and foreign investment. More sectors (e.g. garments, leather, toys, shoes) have been "de-reserved" from the small-scale industries. Further liberalization of capital account, FDI and foreign institutional investment rules has been effected. Legislation to reform the bankruptcy, competition, pension and labour regimes, among others, is being contemplated.

Total Canada-India merchandise trade for 2002 reached almost \$2 billion, with a balance of \$690 million in India's favour.

FDI is allowed in all areas, except for a limited number of sensitive sectors (e.g. atomic energy, railways). FDI ceilings and approval processes have been progressively relaxed, so that a large majority of sectors are now open to 100% foreign equity, via the automatic approval route. Ceilings on FDI remain in a diminishing number of sectors, such as insurance (26%), defence (26%) and banking (49%), and, in certain cases, approval has to be obtained from the

Foreign Investment Promotion Board under the Ministry of Commerce and Industry. Canadian investment in India is relatively modest compared with that of other major industrialized countries, with approved direct investment of \$257 million in 1999.

Indian investment in Canada remains underreported for a variety of technical reasons. The opening of several software development centres in Canada by major India-based IT firms points to the attractiveness of Canada as an investment destination and has attracted additional Indian investment. The growing Canada-India bilateral trade and investment ties have been facilitated by a number of business associations, most notably the Confederation of Indian Industry, the Federation of Indian Chambers of Commerce and Industry, the Canada-India Business Chamber and the Indo-Canadian Chamber of Commerce.

India constitutes a potentially significant market for almost any type of good, service or technology. An expanding middle class, estimated at up to 300 million, is interested in new products from around the world, and offers significant opportunities for trade and investment, particularly in areas of traditional Canadian strengths. These include telecommunications, transportation, agriculture and agri-food, power equipment and engineering, infrastructure development, oil and gas, mining and environmental technology, as well as banking, insurance and educational services.

### Canada's Market Access Priorities for 2003

- Press India to respect its WTO Information Technology Agreement commitments, particularly for telecommunications equipment.
- Ensure that restrictions on the import of bovine semen from Canada to India are eased.
- Monitor the increasing number of trade remedy actions being taken by India against Canadian imports (e.g. anti-dumping action on specialty steel and vitamin C, safeguard case against edible oil).
- Seek tariff parity between canola oil and soybean oil, as well as prevent the application of safeguard duties on canola oil.
- Continue to seek approval of Canada's export certificate for pork.