

existing joint-venture companies seeking to import unassembled kits and automotive components must sign a standardized MOU with the Indian government with several requirements relating to minimum equity investment, local-content requirements, export obligations and foreign exchange balancing. Prior to this policy, investors in the automobile sector were required to conclude MOUs on a case-by-case basis.

## Australia

### Overview

Australian imports from Canada totalled \$1.1 billion in 2001, while Canadian imports from Australia amounted to \$1.6 billion, for a two-way total of \$2.7 billion. In 2000, Canadian direct investment in Australia amounted to \$4.1 billion and foreign direct investment in Canada from Australia was \$1.5 million. Canadian sales successes in Australia continue to be oriented toward fully manufactured goods, including aircraft and automobile parts.

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, including substantial amounts at duty-free rates.

Some important non-tariff measures have an impact on market access, especially the tough sanitary and phytosanitary requirements imposed by the Australian Quarantine and Inspection Service. Most fisheries, meat, livestock, fruit, vegetable and food product imports face restrictive measures, ranging from prior approval to lengthy delays in quarantine. Other measures affecting access for Canadian goods and services include product standards, government-procurement practices (which vary from sector to sector, and from Commonwealth to state levels) and trade-remedy laws (Australia is among the most active users of anti-dumping and countervailing duty statutes).

### Canada's Market Access Priorities for 2002

- Work with Australia to ensure that softwood lumber regulations do not restrict Canadian lumber exports.
- Continue to press Australia to remove their ban on imports of pork products.

## IMPROVING ACCESS FOR TRADE IN GOODS

### Pork

For several years, Australia has maintained requirements preventing the importation of unprocessed pork products including from Canada and other countries due to alleged animal health concerns. The measure requires that imported pork must be either cooked in the exporting country or in a transitional facility in Australia. Canada has made representations to Australia objecting to the requirements as we consider them to be more trade restrictive than necessary and not based on science. Effective September 1, 2001, New Zealand imposed similar requirements. Canada is attempting to resolve the issue with New Zealand through technical level discussions. Pending the outcome of our attempts to resolve the issue with New Zealand, we will consider further representations with Australia.

### Softwood Lumber

Australia recently undertook an evaluation of the risk (Import Risk Analysis) to their biosecurity posed by coniferous sawn lumber and log imports from the United States, Canada and New Zealand. This will determine future import conditions on timber imported from these countries. It is anticipated that Australia, in its final assessment, is likely to recommend the implementation of phytosanitary treatments for products prior to export. This is likely to involve kiln-drying, heat treatment and/or application of insecticides. Canada will be engaging the Australians on this issue to ensure that the treatment of lumber does not become a serious threat to future trade.

## New Zealand

### Overview

In 2001, Canada exported \$216 million in goods to New Zealand and imported \$524 million in return. In 2001, Canada's leading exports to New Zealand were fertiliser, frozen pork, and lumber. Canada was New Zealand's largest foreign supplier of each of these products. In the same period, Canada's leading imports from New Zealand were fresh, chilled and