

## IMPROVING ACCESS FOR TRADE IN GOODS AND SERVICES

### World Trade Organizations Accession Negotiations

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 macroeconomic control and adjustment through administrative measures and 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 aimed at ensuring 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. The TRM gives WTO members an opportunity to review China's progress in implementing its commitments in a manner consistent with WTO rules. Canada participates actively in this process.

### Implementation of China's WTO Commitments: Highlights

On January 1, 2003, China made a broad range of tariff reductions, including on key Canadian exports and potential exports. Examples include tariff reductions for whisky (from 37.5% to 28.3%),

compression moulds for plastics (from 3% to 0%) and most shrimp (11.3% to 5%).

China has committed to undertake the following actions in 2004:

- further reduce a wide range of tariffs;
- further expand the tariff rate quotas for canola oil and wheat;
- allow foreign majority ownership in the distribution services sector;
- further lift geographic restrictions in the insurance and banking sector; and
- allow foreign banks to provide local currency services to Chinese enterprises (and not just foreign enterprises and individuals).

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

### Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, China issued a ban on the import of Canadian live cattle, meat and meat products, including embryos, semen, tallow and feed of ruminant animal origin. Imports from Canada of cosmetics are also affected by the ban. Canada has kept all its trading partners, including China, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

### Deer, Elk and Their Products

In August, Canada learned that China had suspended the issuance of permits for the import of antler velvet from Canada, due to concerns about chronic wasting disease (CWD) in deer and elk. Canada is involved in technical discussions with Chinese authorities aimed at the resumption of trade.

### Regulations on Imports of Genetically Modified Organisms

China's Ministry of Agriculture promulgated the country's new Safety Regulation of Agricultural Genetically Modified Organisms (GMOs) in