

2000 of the products that will be covered by this quota were US\$1.2 billion, including US\$11.6 million from Canada — the tariff reductions and large quota size show there is lots of room for growth of such imports.

During the quota phase-out period, China will implement a simple and transparent procedure for quota allocation and issuance of import licences, so as to ensure the full use of the quota. A number of criteria for quota allocation are specified under the terms of accession, such as the consideration of historical performance, a provision for new applicants to receive quota, and protection for quota-holders who have filled their past allocations.

As for the administration of TRQs, transparency and predictability, in particular timely publication of allocation and administration procedures, will be crucial to ensuring that Canadian exporters are fully able to benefit from China's accession.

Regulations on Imports of Genetically Modified Organisms

China promulgated its new Safety Regulation of Agricultural Genetically Modified Organisms on May 23, 2001, without prior notification. The new regulation covers the labelling, research, production, marketing, movement and import/export of agricultural GMOs. However, the regulation is difficult to interpret, is lacking numerous essential details and has the potential to have a long-term negative impact on exports of canola seed to China. At present, it remains unclear how this regulation will be applied, and this uncertainty is having a negative impact on trade.

As a WTO member, it is important that China meet its obligations, particularly with regard to transparency. WTO members are required to notify of new regulations prior to their promulgation, to allow other members sufficient time to review the regulations and comment on their content. Furthermore, members are also required to ensure that their technical regulations are not more trade-restrictive than necessary to fulfill a legitimate objective. We are currently discussing our concerns about China's GMO regulation with Chinese authorities to ensure that China adopts a regulatory approach that is consistent with WTO principles, and to ensure that all regulations are implemented in a transparent and workable manner that does not impede legitimate trade.

Meat Plant Inspections

In 1997, Canada signed beef and pork import protocols with China. At that time, it was expected that under these agreements, exports of Canadian pork and beef to China would commence; however exports did not materialize under the protocols. In November 1999, China signed a Record of Understanding (ROU) with Canada that set out clear timetables for addressing these market access issues, among others.

In response to the ROU, in April and June 2000, Canada and China successfully renegotiated the pork and beef protocols allowing for the export of meat products from approved plants within Canada. To date, 13 meat processing plants (11 beef, 2 pork) have been approved for export of meat products to China. In 2000, the CFIA recommended 39 additional meat-processing plants for approval to the State General Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) and in October 2001, AQSIQ inspected 12 plants as a representative sample of the 39 recommended plants. AQSIQ has not yet completed its report regarding the plant inspections.

The CFIA continues to work closely with AQSIQ in order to ensure that plants are approved in a timely manner, with the goal of obtaining Chinese approval of the Canadian Meat Inspection program.

Canadian-Style Wood Frame Construction

The Canadian system of platform frame construction using softwood dimension lumber and wood-based panel products (softwood plywood and oriented strandboard — OSB) is gaining recognition within the developing villa and townhouse niche in China. An estimated 300 houses are currently under construction, with a further 9000 under planning. Estimates have been made that China will build 15 000 wood frame houses a year within five years. This offers a huge potential opportunity to Canadian producers of dimension lumber, OSB and/or plywood, as well as suppliers of goods and services to China.

China's building codes are currently being revised. Existing building codes do not recognize the Canadian platform wood-frame construction method of building or reference Canadian products, grading rules or design properties. The federal government, in partnership with the Canadian wood products industry, is working closely with the Chinese Ministry of