

2.8 Accessions to the World Trade Organization

The WTO currently has 130 members and 29 countries or customs territories have applied to join. Canada is a strong supporter of the expansion of WTO membership and participates in the accession negotiations for two reasons.

The first objective is to achieve more transparent, rules-based trade regimes in more markets. Such reforms produce less discretionary and therefore more predictable marketplaces for Canadian suppliers. Canada will continue to ensure that acceding economies implement trade regimes that conform with the WTO framework and contribute to overall trade liberalization and the strengthening of the WTO.

Second, Canada seeks to secure improved access for Canadian exports of goods and services to these markets. In parallel with its efforts to improve the underlying trade regimes, Canada focusses on the elimination or reduction of tariff rates and non-tariff barriers affecting goods of current and future export interest to it. Similarly, it strives to improve access in sectors targeted by Canadian services firms by seeking binding commitments in the four "modes" of services trade that are covered by the GATS. Accession negotiations offer a unique opportunity to resolve Canadian access problems in these markets.

In 1997, Canada will remain involved in accession negotiations with a number of significant markets for Canada including China, Chinese Taipei (Taiwan), Russia, Saudi Arabia, and Ukraine. As well, Canada will participate in the accession negotiations that are expected to begin with additional countries, such as Algeria and Vietnam. These seven markets currently account for Canadian merchandise exports of close to \$6.5 billion annually. Achieving more open, WTO-consistent trade regimes in these markets therefore ranks as a priority among Canadian market access objectives.

China

China is one of Canada's top five trading partners and Canada's largest partner currently outside the disciplines of the WTO. Despite the tremendous economic growth since the late 1970s, China's economic and trading regime is still in transition to a market-based system that will require greater

regulatory transparency and a predictable investment and trade environment. China continues to limit trading rights to a restricted number of companies, albeit a larger number than in the past. Tariffs remain high and are sometimes applied arbitrarily across China's ports of entry. Canadian goods exporters are required to pay a value added tax that does not appear to apply to comparable domestic products.

Since the accession negotiations began, Canada has worked to lower the barriers for Canadian firms into the Chinese market. For hundreds of goods Canada has requested that China lower and "bind" its tariffs on each product. China has made substantial progress in meeting Canada's request, but there need to be improved tariff offers. In addition, China has proposed a tariff rate quota (TRQ) regime on key grains and oilseeds. Canada cannot judge whether it will have achieved meaningful market access until China provides details about the TRQ regime. Among remaining priorities are whisky, wheat, malting barley, canola seed, canola oil, frozen salmon, polypropylene, polyethylene, styrene, ethylene glycol, potash, sulphur, road graders, newsprint and other paper products, strontium, aluminum forms, nuclear reactors, and cellular telephone systems. Canada is also making efforts to resolve several sanitary and phytosanitary measures affecting imports of meat and seed potatoes. With respect to trade in services, although progress has been made, Canada continues to seek improvement in a number of sectors, including enhanced telecommunications, financial and professional services.

Multilaterally, in the WTO's working party on China's accession, Canada is working with other members to negotiate with China a timetable within which China must eliminate WTO-inconsistent non-tariff measures. In addition, Canada wants China to commit to the elimination, upon accession, of WTO-inconsistent policies and practices that discriminate against foreign companies. Canada is optimistic that China understands the internal reforms needed to meet WTO obligations. Canada anticipates that within a short period of time from China's accession, Canadian firms will be able to sell their goods directly to any Chinese firm rather than through the limited number of firms possessing "trading rights" with which they must presently deal.