

This growing relationship extends to investment flows, as direct investment links continue to grow totalling nearly \$10 billion each way. In ASEAN, Canadian investment now exceeds \$4 billion, largely in resource development and the financial sector.

Improved market access negotiated in the Uruguay Round will open growth markets in Asia and help exports of value-added goods and services by lowering tariffs on goods by at least one third over five years, as well as binding many tariffs and reducing non-tariff barriers.

Canadian exporters stand to benefit from Japan's extension of deep cuts of 75 percent on a trade-weighted basis from ceiling rates, and from a further opening of Japan's wood, fish and non-ferrous markets. This will also be true for paper, electronics, steel, pharmaceuticals and construction equipment, where Japan participated in zero-for-zero tariff reductions. Korea's tariff offer was 50 percent cuts on a trade-weighted basis, and it also participated in several of the zero-for-zero packages of interest to Canadian exporters.

Market access offers throughout Asia will improve opportunities in sectors, such as advanced technology (e.g. telecommunications, aerospace and defence equipment), energy and power (e.g. oil and gas), agri-food and environmental products.

The binding of the totality of ASEAN members' tariffs is a major improvement (Thailand at 30 percent, Malaysia 5 to 30 percent and Indonesia 30 to 40 percent). As free ports, Hong Kong and Singapore also participated in several of the zero-for-zero packages.

Australia reduced its tariffs by 50 percent on a global basis and also brought its regime fully under the GATT, increasing its bindings to 100 percent.

As leading exporters of wood, and pulp and paper products, British Columbia and Quebec stand to make major gains in Asian markets. The proportion of value-added and finished products in Canada's export mix, such as exports of converted paper products like tissues, should continue to increase in markets beyond Japan.

On agriculture, lower tariffs will improve access for grain and oilseed exporters supplying the needs of newly affluent Asian consumers. Agreement to reduce trade-distorting export subsidies will lower taxpayers' costs and benefit Canadian grain exporters who can compete on a more equal basis in the region. Better access for red meat, plus new markets in Japan and Korea, will benefit pork exporters in Quebec and Alberta and beef exporters throughout the West.