

Trade Policy Review of Canada

(First Session on 19 June 2024)

Statement by Hong Kong, China

- Thank you, Chair.
- I would like to start by warmly welcoming the delegation of Canada, led by Mr. Jay Allen, Director General of Trade Negotiations of Global Affairs Canada. Hong Kong, China would also like to extend our appreciation to the Chair, His Excellency Dr. Adamu Mohammed Amdulhamid of Nigeria, and the Discussant, Ambassador Matthew Wilson of Barbados, for their insightful remarks, which have put this review in perspective and enriched the discussion. Last but not least, we are indebted to the WTO Secretariat for the comprehensive fact-based report.

Canada and Hong Kong, China

- Hong Kong, China and Canada have long been enjoying robust bilateral trade relations and strong social ties. The Investment Promotion and Protection Agreement (IPPA) signed between HKC and Canada, which entered into force in September 2016, has significantly boosted our bilateral investment flows by providing greater assurance to investors. At the end of 2022, our bilateral direct investment reached approximately C\$55.4 billion (US\$42.6 billion), with an average annual growth rate of 8.9% from 2018 to 2022. We eagerly anticipate further nurturing and strengthening of our economic ties.

Canada and WTO

- As advocates and practitioners of free trade, HKC looks forward to working with Canada to champion global trade based on our shared values. We commend Canada for its longstanding support for an open, free, inclusive and sustainable multilateral trading system, with the WTO at its core. Canada's active and constructive engagements in a wide range of important work streams, such as agriculture, fisheries subsidies negotiations, Joint Statement Initiatives on Services Domestic Regulation and E-Commerce, dispute settlement reform as well as environmental sustainability are the living proof of their steadfast commitments to the WTO.

Trade Policy of Canada

- With respect to the trade policy of Canada, we note that Canada has maintained a relatively open **tariff regime**, binding over 99% of its tariff lines and applying duty-free treatment for 71% of tariff lines on an MFN basis. The minimal difference between the average bound rate at 8% and the average applied rate at 6% is certainly welcome by the business community. However, as at 2023, Canada imposes an average applied tariff of 21.8% on agricultural products, significantly higher than the 2.5% average tariff applied to non-agricultural products. The tariff peaks for some agricultural products even go beyond 200% to 500%. Furthermore, the applied rates of certain agricultural tariff lines appear to exceed their bound rates. We expect Canada, a staunch supporter of the rules-based multilateral trading system, to adhere to its tariff commitments and accordingly scale back the excessive rates of these protective tariff lines.
- On **trade facilitation**, Canada has actively shared its experiences on implementation of the Trade Facilitation Agreement, including its innovative e-Longroom email and digital stamping service. We also applaud Canada for its generous support to the Trade Facilitation Agreement Facility to enhance capacity building. Furthermore, Canada's ongoing initiatives to streamline customs procedures, such as the expansion of its Authorized Economic Operator mutual recognition network with four trading partners including Hong Kong, China, are most encouraging.
- The **services sector** remains a vital driver of Canada's economy, contributing over 70% of its GDP during the review period. We commend Canada for implementing trade-facilitating measures conducive to foreign participation, such as raising the foreign ownership limit in Canadian air carriers. We are keen to see Canada's continued efforts to facilitate and liberalize its services trade.
- Lastly, HKC would like to thank Canada for their timely response to all our questions. We wish Canada a fruitful trade policy review and look forward to further collaboration in promoting a robust and inclusive international trading system.
- Thank you.

Hong Kong Economic and Trade Office in Geneva
June 2024