



CHINA - MEASURES CONCERNING TRADE IN GOODS AND SERVICES

REQUEST TO JOIN CONSULTATIONS

Communication from Canada

The following communication, dated 10 February 2022, from the delegation of Canada to the delegation of China, and the delegation of the European Union, is circulated to the Dispute Settlement Body in accordance with Article 4.11 of the DSU.

Pursuant to Article 4.11 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* (DSU), the Government of Canada hereby notifies its request to join the consultations requested by the European Union in relation to China's measures affecting the importation of goods from, and the exportation of goods to, the European Union ("EU") and affecting trade in services between the EU and China.¹ The European Union's request for consultations (WT/DS610/1) was circulated to Members on January 31, 2022.

Canada has a substantial trade interest in these consultations. The EU contends that China has adopted novel, numerous, and persisting measures affecting the import, and exports of goods between the EU and China. In particular, these Chinese measures allegedly affect all goods originating in Lithuania, transiting through Lithuania or with some other link to Lithuania. In addition, the EU indicates that China's measures restrict or prohibit trade in services between the EU and China that are linked to Lithuania.

Canada has serious concerns with China's alleged measures given its substantial trade relationship with the EU, and its Member states, and China. The EU is a single market that includes Lithuania. The alleged measures interfere with EU trade and supply chains by affecting goods exported from or imported to Lithuania, goods transiting through Lithuania, goods that have Lithuanian sanitary certificates, or goods that are otherwise linked to Lithuania. Canada exports numerous goods that are incorporated or integrated into goods and supply chains in the EU. Accordingly, the alleged measures disrupt trade and undermine supply chains in a manner that likely affects a range of sectors in Canada's economy, which rely on stable access to global markets.

Canada and the Member States of the EU have a strong bilateral trade relationship. The EU is Canada's third largest trading partner and Lithuania is Canada's largest market in the Baltics for merchandise imports and exports. In 2021, Canadian goods exports to the EU were \$30.2 billion, and Canadian imports from the EU were \$67.3 billion. There is significant trade in goods between Canada and the EU and Canadian exports form an integral part of supply chains in the EU. Any interference or interruption of exports from the EU or Lithuania to China presents a real and substantial risk to Canadian exports.

¹ Communication from the European Union, "China – Measures Concerning Trade in Goods and Services: Request for Consultations by the European Union," dated January 27, 2022 (WT/DS610/1, G/L/1426, G/TFA/D4/1, G/SPS/GEN/1988, S/L/435) (circulated January 31, 2022) ("EU Request for Consultations") (requesting consultations pursuant to Articles 1 and 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), in conjunction with Article XXII:1 of the General Agreement on Tariffs and Trade 1994 (GATT 1994), Article 24.8 of the Trade Facilitation Agreement (TFA), Article 11 of the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) and Article XXII of the General Agreement on Trade in Services (GATS).

Finally, the EU alleges in its request for consultations that China's measures appear to be inconsistent with China's Protocol of Accession. Canada considers that global trade has been negatively affected by China's deviation from the balance of rights and obligations it negotiated with the EU and the other WTO Members when it acceded to the WTO.

Based on the foregoing, Canada has a substantial trade interest in participating in these consultations, and an interest in assuring that China's measures are applied in accordance with the WTO Agreements and China's Protocol of Accession to the WTO.

Canada therefore respectfully requests that it be permitted to join the consultations in this dispute.

A copy of this letter is being sent to the Chairman of the Dispute Settlement Body, with a request that it be circulated to Members.
