

market, valued at \$490 billion in 2001 by Infocom Research Inc. During the past two years, many Canadian ICT companies have entered the market directly or indirectly through partners, agents and distributors, and the share of manufactured goods and value-added services exports to Japan continues to increase.

Japanese awareness of Canada as a sophisticated business partner will also be raised through Canadian efforts to attract Japanese FDI. The Department of Foreign Affairs and International Trade is working closely with other federal government departments and provincial and municipal authorities to maintain and attract Japanese investment into Canada. Toyota's decision in 2000 to produce its Lexus RX 330 luxury sport-utility vehicle in Canada, starting in 2003, is a testament to increasing Japanese recognition of Canada as a good place to do business. The Toyota plant in Cambridge will be the first to manufacture the Lexus RX 330 outside Japan.

Collaboration with the Japan External Trade Organization (JETRO) is ongoing and productive. For example, JETRO has supported Canada's efforts by sending information technology (IT) missions to Canada in each of 2000, 2001 and 2002; it has assisted financially in the organization of events, by providing funds for interpretation and translation; its offices in Montreal, Toronto and Vancouver provide Canadian IT companies with information about the Japanese market and advice on entering it; and it helps companies find partners and distributors. In addition, Canadian companies are invited to the annual JETRO-organized TechnoBusiness Forum, a trade show held in Japan where small and medium-sized businesses with innovative products or technology are introduced to Japanese companies. Finally, JETRO and Industry Canada signed a memorandum of understanding in April 2003 to increase levels of data sharing and technical cooperation and to improve electronic access for both Japanese and Canadian firms.

Managing the Relationship

The basic framework for Canada-Japan trade and investment is provided by the multilateral WTO/General Agreement on Tariffs and Trade (GATT) system, supplemented by a number of

bilateral instruments, such as the 1976 Framework for Economic Cooperation Agreement and the Joint Economic Committee. Canada and Japan continue to promote trade development and economic cooperation under this framework and pursuant to the Joint Communiqué announced during the 1999 Team Canada mission led by Prime Minister Chrétien. The Joint Communiqué reaffirmed the intention of the two governments to advance regulatory cooperation with a view to facilitating trade in regulated products. It also welcomed the interest expressed by the private sector in undertaking a study of bilateral trade and investment opportunities.

Trade policy meetings provide a comprehensive view of the trade and economic relationship. However, they are complemented by regular issue-specific talks conducted by government departments and agencies in Canada and Japan, in such sectors as telecommunications, culture, building codes and related product standards, environment, tourism, air services, oilseeds and transportation. This range of themes is indicative of the breadth of our trade and economic relationship with Japan. A review of the more than 40 bilateral consultative mechanisms between Canada and Japan was completed in June 2001 by the Canadian and Japanese governments. The exercise was designed to identify mechanisms that have completed their roles, as well as those that should be strengthened in the context of efforts to revitalize the bilateral relationship.

Regulatory cooperation between Canada and Japan also continues to advance on many fronts, both multilaterally and bilaterally. Canada will continue efforts to extend cooperation in areas such as biotechnology, building codes, competition policy and customs administration. In particular, we will continue discussions between health authorities on the observation of inspections and the possibility of mutual recognition of good manufacturing practices in the pharmaceutical industry.

Negotiations for an agreement between Canada and Japan regarding cooperation on anti-competitive activities were announced in June 2002. Following negotiations in Ottawa in November and through several video conferencing sessions in 2003, an agreement is nearing completion. This agreement seeks to coordinate enforcement activities between the Canadian and Japanese authorities responsible