



- Canada, along with the United States and the European Union, concluded negotiations with Japan in settlement of its obligations stemming from the findings of the WTO panel on Japan's liquor-tax regime. However, the required tax changes will not be fully implemented until October 2001. Since this timing bends WTO rules, which normally require implementation within 15 months of the panel result, Japan is paying compensation. By April 2002, it will reduce tariff rates to zero on all distilled spirits products, including Canadian whisky.
- The National Research Council's Canadian Construction Materials Centre (CCMC) signed liaison agreements with the Japanese Ministry of Construction's Building Centre of Japan, as well as with Japan's Centre for Better Living, entitling CCMC to provide technical data for the assessment of building products, as well as to participate in the evaluation and development of new standards.
- Japan agreed to a Canadian request to develop a new standard to expand the use of Canadian softwood concrete-form plywood in Japan (JAS 932).
- Construction of three-storey multi-unit wooden buildings was prohibited in semi-fire-rated zones, until the Ministry of Construction announced an easing of building restrictions in August 1997.
- Japan has agreed to recognize the higher stress-value capabilities of Northern Hemlock and Douglas Fir (Canadian lumber species), allowing for their use in a wider range of applications.
- Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) formally approved the results of a Canadian hay-fumigation test, allowing for baled hay that is fumigated in Canada to enter Japan without the need for further inspection on arrival.
- Japan approved the importation of three varieties of transgenic canola for environmental, food and feed safety in 1996, and has just recently decided to extend the approval to conventionally derived progeny of approved transgenic lines.
- Canada and Japan reached an agreement in principle on revisions to the Canada-Japan Double Taxation Convention. This revision, among other things, will allow for the mutual exemption of local taxes on international transport operations.

Canada's Market Access Priorities for 1998

Japan's tariff barriers have been steadily reduced through successive rounds of multilateral trade negotiations. In 1997, over 70% of Canadian exports entered Japan duty-free. However, even with full implementation of the tariff reductions achieved in the Uruguay Round, high average tariff rates continue to be applied to many Canadian exports, particularly agri-food products. Canada continues to seek the elimination of duties applied to oilseed products, processed foods, spruce-pine-fir (SPF) lumber and softwood plywood, red meats, fish and non-ferrous metals. At the same time, Canada is continuing to seek the elimination of specific technical and regulatory barriers in Japan to facilitate Canadian exports in priority sectors such as agri-food and building products.

IMPROVING ACCESS FOR TRADE IN GOODS

Agri-food, Fish and Beverage Products

Japan is the world's largest net-import market for agri-food, fish and beverage products, and is Canada's second-largest market for agri-food exports after the United States. In 1997, agri-food and fish exports exceeded \$2.8 billion. However, as outlined below, the use of safeguard measures, some specific tariffs, and the applications of food-safety regulations remain matters of concern.

Safeguard Measures on Chilled and Frozen Pork

Canada is concerned about the administration of Japanese safeguard measures on pork (in the form of an increased minimum import price and higher tariffs). The safeguard measures are designed to restrain growth in chilled and frozen pork imports. Since they were first triggered in 1995, the safeguards have been a significant complaint of the Canadian pork sector. As currently administered, these measures are causing considerable uncertainty for Canadian suppliers. On February 17, 1997, Canada joined Article XXII consultations with the EU and Japan on this issue in the WTO. Canada's objective is to ensure that any solution being considered by the EU and Japan does not disadvantage Canadian exporters. It is likely that discussions among the EU, the United States and Canada will continue to find a solution that will