

CANADA/JAPAN TRADE IN AGRICULTURE, FISH AND FOOD PRODUCTS

Food and Agricultural Products

Japan remains the world's largest net importer of food and 30% of total food consumption comes from abroad. Canada is a major supplier to Japan of a number of agricultural commodities. Canada is Japan's third largest supplier with a 7% market share compared to the U.S.A. share of 38%. However, Canadian exports of flaxseed, canola and alfalfa pellets dominate the market with over 90% share in each category. In 1987, our major exports were grains, oilseeds, pork and animal feeds. The total value of food, feed, beverages and tobacco shipped to Japan was \$1.7 billion, including meat (\$161 million), fish (\$481 million), grains (\$403 million), and oilseed (\$409 million).

Research is currently underway in Canada to establish the scientific background necessary for the Hay Protocol with Japan to enable the export of hay products. Similar work is being done for apples, green peppers and tomatoes.

The market for processed food products is growing due to increased demand and the high value of the yen. At the same time this expansion is impeded by import quotas for certain items (beef, beans), phytosanitary requirements (apples, hay) and a host of non-tariff problems such as restrictions on additives, labelling and market distribution practices.

While Canada welcomed the January 1988 decision of Japan to accept the GATT Panel ruling against quantitative restrictions on certain agricultural products, we will continue to press for further liberalization of the Japanese agricultural market.

Fisheries Products

Japan is the world's largest consumer of fish and fish products and Canada's second largest market after the U.S.A., absorbing \$481 million in 1987. Japanese production of fisheries products has declined gradually over the past decade in large part due to the reduced fishery allocation given to Japan by other countries since the implementation of the 200-mile limit. As a consequence, imports are increasing very rapidly and in 1987 accounted for about 29% of total fish consumption. The Japanese market for imported fish products will almost certainly continue to grow at a healthy rate in the medium term. Opportunities exist for a wide range of Canadian products.

In 1987 Canada gave Japan fishing allocations for 6 fish species. Preliminary indications for 1988 call for a reduction in total foreign allocations for redfish and silver hake and Japan's allocations will be reduced proportionally.