

pressed his concern about whether Japan can be comfortable under a China-dominated East Asia. He also stressed that although East Asian economic integration makes sense, it was too early to think of an "East Asian community" in the European sense. But he explained that there was a possible development of plurilateral FTAs among industrialized countries in Asia Pacific that would counterbalance China. Finally, he raised the question as to whether an "Economic Framework" without an FTA could be attractive enough in this era of regionalism, while also arguing that trade protection on agriculture was the only major obstacle for Japanese economic diplomacy¹⁸. He concluded that to have a certain degree of freedom in economic diplomacy in Asia Pacific, policy reform in the agricultural sector was urgently needed from Japan.

(2) On Tariff Elimination and Reduction

(i) Group A

Regarding actual bilateral tariff elimination and reduction, this group explained that the Japanese companies' responses to the questionnaire revealed that tariff items and rates impeded business operations. The group listed major Canadian tariffs, such as those on automobiles and trucks (6.1%), wheels for railway rolling stock (9.5%), photographic film for exposure in cinematographic cameras (6.5%) and electrical insulators of ceramics (3.0%). On the Japanese side, tariffs on spruce-pine-fir products (4.8%), oriented strand board (6.0%) and beef (38.5%) were mentioned.

¹⁸ This economist explained that major Japanese imports from Canada are agricultural, forestry and fishery products. He further explained that although the proportion is high, the number of sensitive items is limited.