

market directly or indirectly through partners, agents or 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. International Trade Canada is working closely with other federal government departments, as well as provincial and municipal authorities, to maintain and attract Japanese investment into Canada. More than 550 Japanese companies have investments in Canada, which have directly created over 55,000 new jobs. The largest sector influenced by Japanese investment is the auto industry: Honda, Toyota and Suzuki have a major presence, along with 52 auto parts manufacturers operating in Canada.

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 system, supplemented by a number of bilateral instruments, such as the 1976 Framework for Economic Cooperation Agreement and the Joint Economic Committee (JEC). The JEC, which meets every 12 to 18 months at the deputy minister level,

helps focus attention on enhancing bilateral trade (including solutions to specific problems) and encourages cooperation in multilateral forums.

Prime Minister Martin's visit to Japan in January 2005 was an opportunity to take stock of the economic relationship and build on previous bilateral cooperation. Prime Minister Martin and Prime Minister Junichiro Koizumi recognized that the Canada-Japan partnership of trust and friendship fostered over the years remains solid but still has potential for further development. In order to strengthen economic relations, the prime ministers confirmed their intention to address strategic economic priorities and emerging opportunities through an innovative Canada-Japan economic framework to be developed within the next six months.

This framework will be a comprehensive document bringing together various areas of Canada-Japan trade and economic cooperation, and it will include the terms of reference for a 12-month study on the further promotion of the bilateral economic relationship. In addition, in enhancing the role of the JEC, the framework will allow for, inter alia, appropriate and effective ways to take into account issues raised by the Canadian and Japanese private sectors. Some the work described below will flow from the framework; further details on other areas and progress on the framework can be found on the department's Web site (www.international.gc.ca/tna-na/can-jap-ecoframe-en.asp).

Regulatory cooperation between Canada and Japan 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.

In the area of competition policy, Canada and Japan have been negotiating a cooperation agreement to facilitate the enforcement of anti-competitive activities of mutual interest. Successful completion of this agreement is expected in the very near future.