

- Regulatory reform and restructuring of Japan's telecommunications services sector resulted in a modest reduction of interconnection rates.
- Japan replaced the system of building product testing and approval based on Section 38 of the Building Standards Law (BSL) with a system allowing for foreign recognized evaluation bodies and foreign recognized approval bodies.
- Japan continued to move toward increased adoption of international (ISO) standards for building products.

Canada's Market Access Priorities for 2002

- Continue to press for a reduction of duties applied to vegetable oils (particularly canola), processed foods, forest products (spruce-pine-fir lumber, softwood plywood, laminated veneer lumber, oriented strand board and laminated beams), red meats, fish, non ferrous metals and leather footwear.
- Continue to press for the elimination of specific technical and regulatory barriers in Japan to facilitate Canadian exports in such priority sectors as agri-food, building products, and services.
- Continue to participate in Japan's official consultation process and identify domestic regulatory impediments that limit economic growth or add unnecessary costs to business and consumers, especially through the identification of regulations and standards that vary from international norms, thereby requiring extensive additional testing and documentation (e.g. Japan Industrial Standards for plastic resins).
- Continue to seek an agreement on Totalization and Social Security with a view to reducing costs of social security contributions and helping to protect the pension rights of employees in both countries.
- Continue to negotiate access to a small number of the new slots available at Narita Airport when the second runway opens in the spring of 2002.
- Regulators will continue to extend cooperation in areas such as pharmaceuticals, biotechnology, and competition policy, and will continue to welcome further regulatory cooperation in such areas as medical devices, customs procedures, and food.

IMPROVING ACCESS FOR TRADE IN GOODS

Agri-food, Fish and Beverage Products

Japan is the world's largest net importer of agri-food, fish and beverage products. In 2001, Canadian agri-food and fish exports to Japan amounted to \$2.6 billion. Canada seeks further access to this important market, and has concerns with Japanese measures regarding tariffs, safeguards, labelling of food derived from GMOs, and import requirements regarding plant health. In many cases, Japan maintains that its policies conform to the commitments made at the Uruguay Round of negotiations, and that any further tariff reduction or market access concessions will be considered in the context of WTO negotiations.

Safeguard Measure on Chilled and Frozen Pork

Canada remains concerned about the Japanese snapback safeguard measure on pork in the form of an increased minimum import price. Since it was first triggered in 1995, the snapback safeguard has been of significant concern to the Canadian pork sector. As currently administered, this measure creates considerable uncertainty for Canadian suppliers and Japanese importers. Canada is seeking a resolution that addresses the concerns of both exporters and importers in eliminating the negative market impacts of the snapback safeguard. This will be a priority in the WTO agriculture negotiations.

Tariffs on Canola Oil

Japan's duties on imported cooking oils are applied on a specific rate basis (i.e. a certain number of yen per kilogram). As a result of the Uruguay Round of Multilateral Trade Negotiations, specific duties for these products have decreased in Japan. As *ad valorem* equivalents (AVEs) of specific duties are inversely related to import prices (i.e. when import prices fall, the AVEs rise, and vice versa), specific duties progressively cushion domestic producers against competition from lower-priced imports, thereby counteracting cuts in specific duty rates. For example, due to the low product prices experienced in 2000, the AVEs of specific rates on canola oil have ranged from 23% to 28%. These high tariffs are designed to protect Japan's domestic oil-crushing industry, and other related products such as margarine. Canada will seek the maximum negotiable reduction in these high tariffs in the WTO agriculture negotiations.