

Agreement on Trade in Services. Canadian service suppliers have also identified an interest in promoting greater transparency with respect to domestic regulations in Japan related to licensing requirements and procedures, qualifications requirements, and standards. In the financial services sector, a few issues have been raised, including the strict firewall provisions that prohibit the efficient use of shared infrastructure, as well as the new Corporation Act (Law No. 86), which appears to prohibit the activity of Japanese branches of foreign companies that are incorporated offshore.

Canadian stakeholders also highlighted the key role played by air services in promoting the bilateral trade relationship between Canada and Japan. They have expressed an interest in strengthening the air services relationship through regular bilateral channels.

#### *Regulatory Environment, Transparency and Other Issues*

Technical regulations, industrial standards, and sanitary and phytosanitary (SPS) requirements play an important role in facilitating the trade in goods and protecting public health and safety and animal and plant health, but they vary from country to country and may impose unnecessary restrictions on trade. Just as tariffs can have a limiting effect on trade, non-tariff barriers can be just as effective in restricting trade. For example, having too many different standards complicates business transactions for producers and exporters. Lack of access in a timely fashion to changes in laws and regulations can also be problematic.

On the agricultural side, concerns have been expressed that Japanese SPS measures should be more transparent and be based on internationally accepted standards. A key example relates to the beef sector and the BSE-related Japanese import ban on certain Canadian beef products. While noting the actions taken to date in Japan in this regard, stakeholders expressed concern that Japan is still applying a more restrictive SPS bar-