

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 *ad valorem* equivalents of specific rates on canola oil have ranged from 23 percent to 28 percent. 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.

Labelling of Food Products Containing Genetically Modified Organisms (GMOs)

As of April 1, 2001, Japan is requiring mandatory labelling and import notification for foods containing organisms derived from biotechnology. The requirements apply to crops and food products containing genetically modified organisms which have been previously approved by the Ministry of Health and Welfare. In the case of processed foods, the requirements apply only to ingredients that are among the top three by weight and account for 5 percent or more of the content, also by weight. Foods for which it is not possible scientifically to measure the presence of genetically modified organisms are to be exempted (e.g. canola oil).

The potential impacts of this measure are not fully evident at this time. Many issues remain to be determined, including the scope of the labelling scheme, the extent to which it will be exercised on new products, and whether or not it will be expanded to include other GM crops. Canada has raised concerns about Japan's approach to mandatory labelling of a non-product related production and processing method (for example, in the insistence on a so-called "identity-preserved" system), both bilaterally and in the WTO Committee on Technical Barriers to Trade. Canada will continue to follow this issue closely so that access for Canadian foodstuffs is preserved.

Fish Feed in Airtight Containers

The Japanese customs tariff allows duty-free importation for fish and other animal feed imported in "airtight container not more than 10kg each". Larger containers and those considered not to be "airtight" are subject to a duty of 36 yen/kg (reduced from

40 yen/kg on April 1, 2000). Canada contends that an overly restrictive definition of "airtight" is being employed, which needlessly subjects imports to the tariff.

Greenhouse Peppers

The Canadian greenhouse vegetable industry, specifically in British Columbia, is developing markets for its products in Japan but has been unable to gain access for greenhouse peppers. In November 2000, Canadian Food Inspection Agency provided Japanese officials with data to substantiate Canada's claim that the pest of concern has never been referenced to have occurred in British Columbia. This further supports Canada's position that the province of British Columbia has a pest-free area status as per the International Plant Protection Convention standards.

Hay

In December 1998, Japan approved an import protocol for fumigated hay from Canada. Japan's concern is the introduction of the Hessian fly, which is also a pest of rice. The Canadian hay industry wants to pursue the approval of a heat-treatment protocol, which is deemed to be more economical than fumigation. In early 2000, Canadian Food Inspection Agency presented Ministry of Agriculture, Forestry and Fisheries (MoAFF) with test results of the heat treatment protocol. Upon review, in June 2000, Ministry of Agriculture, Forestry and Fisheries technical experts requested further test data. In November 2000, Canadian Food Inspection Agency officials in conjunction with the Scientific Committee of the Canadian Hay Association, provided Ministry of Agriculture, Forestry and Fisheries with the requested information. MoAFF officials have been invited to observe the new heat treatment, after a commercial trial scheduled to take place in early 2001.

Live Breeding Cattle

In September 2000, the Ministry of Agriculture, Forestry and Fisheries proposed revisions of the animal health requirements for the export of live animals to Japan, with an implementation date scheduled for December 2000. Given the very stringent requirements of the proposed revisions, in November 2000, Canadian Food Inspection Agency