



largest market for agri-food exports after the United States. In 1996, agri-food and fish exports exceeded \$2.9 billion. However, as outlined below, some specific tariffs, the use of safeguard measures and the applications of food safety regulations remain of concern.

Safeguard Measures on Chilled and Frozen Pork
Canada is concerned about the administration of Japanese safeguard measures on pork (in the form of an increased minimum import price and higher tariffs). These measures are designed to restrain growth in chilled and frozen pork imports. Since they were first triggered in 1995, the safeguards have caused considerable market disruption and uncertainty for Canadian suppliers. On February 17, 1997, Canada joined Article XXII consultations with the EU and Japan on this issue in the WTO.

Tariffs on Canola Oil

Japan maintains high specific duties on most cooking oils (except olive oil) to provide protection to its domestic crushing industry. These duties not only serve to limit imports of crude and refined cooking oils, but also confer a competitive advantage on Japanese crushers buying oilseeds in the global market. In the absence of agreement to eliminate processed oilseed tariffs in the Uruguay Round, Canada will continue to press Japan to reduce its specific duties on crude and refined canola oil in the context of an overall multilateral zero-for-zero negotiation on all oilseeds. By April 1, 2000, the tariffs on crude and refined canola oil will fall to ¥10.9 per kilogram and ¥13.2 per kilogram respectively.

Tariffs on Processed Foods

Japan maintains high tariffs on several processed food products of concern to Canada. These products include mustard flour, frozen pizza and maple syrup. Canada continues to seek the elimination of tariffs on these products.

Variety-specific Testing of Imported Fruits and Vegetables

Japan requires that fruits and vegetables (such as tomatoes and apples) be approved for import on a variety-specific basis. The scientific basis for such an approach has been questioned, however. Variety-specific testing is not only expensive but also delays the introduction of new varieties into the marketplace as they are developed. For example, of the seven Canadian tomato varieties that were the subject of

greenhouse trials and subsequently approved for importation in September 1996, only one is currently still in commercial production. Canada has requested Japan to eliminate this requirement for new tomato varieties.

Japan's Food Sanitation Law

Japan's Food Sanitation Law and its related administrative guidelines do not clearly distinguish between sanitary and quality problems affecting food products. Quality factors do not constitute health and safety risks and should not, in Canada's view, be addressed in the same manner as sanitary factors. This problem led Japan to ban the sale of 13 brands of Canadian bottled water in 1995 (subsequently removed for most brands in 1996), causing significant damage to Canadian trade interests. Canada expects Japan to refrain from its current practice of prohibiting the sale of agri-food products based solely on its assessment of undesirable "quality" factors unless justified under the provisions of the *WTO Agreement on Sanitary and Phytosanitary Measures*.

The Food Sanitation Law also maintains standards for frozen foods that are much more restrictive than standards for non-frozen products. This has led to problems at some ports for frozen food shipments from Canada. Canadian officials do not believe that this distinction is scientifically justified. Problems have also been encountered with testing methodologies employed to ensure compliance with the Law. Canada will continue to consult bilaterally with Japan to avoid any restrictive application of these measures on Canadian exports.

Export Restrictions on Wagyu Embryos and Cattle

Since August 1992 and April 1993, respectively, Canada has been seeking to obtain Japanese agreement for the export of *Wagyu* (a distinctive Japanese breed of beef) bovine embryos and cattle. Japan has an export protocol only with the United States for live cattle, and has not acceded to any foreign requests for the export of bovine embryos. The only way Canadian producers can obtain *Wagyu* genetics (for cross-breeding or the production of Kobe-style beef) is thus through their U.S. competitors. Japanese authorities have indicated that they are prepared to negotiate a live cattle export protocol, but remain opposed to any discussion of bovine embryo exports. Canada will seek to resolve this issue through bilateral consultations in 1997.