

### *Investment*

In terms of foreign direct investment (FDI), Japan remains the largest recipient of Canadian direct investment in Asia. The number of Canadian companies investing in Japan continues to increase at a modest rate, with few reports of formal barriers preventing investment. However, key Canadian investors, including the aerospace industry, have flagged some barriers related to investment in Japan, including restrictive processes for making regulations and the lack of transparency in the area of industry standards development and product certifications. Other barriers experienced by Canadian companies investing in Japan are informal, tending to be related to issues such as language and culture, as well as differences in business practices. Many Canadian stakeholders also noted, in particular, the potential value of greater promotional efforts about the valuable investment opportunities in both countries. Some Japanese firms based in Canada noted that lowering the residency requirements for corporate directors in Canada, as well as eliminating the duplicate employment insurance payments, would be beneficial, especially for smaller companies.

### *Services*

Trade in services between Canada and Japan has been growing rapidly over the past few years. In part, this reflects the fact that there are few formal barriers restricting trade in services in Japan. In general, Canadian service suppliers indicate that they enjoy a high level of access to the Japanese services market. Nevertheless, improvements could be made in certain areas that would promote trade in services between our two countries. With respect to the cross-border supply of professional services such as legal, accounting and engineering services, Japan often maintains commercial presence requirements and Mode 4 (movement of natural persons) restrictions in the General