

IMPROVING ACCESS FOR TRADE IN GOODS

Automotive Products

Japan maintains measures that distort global trade in motor vehicles. The WTO Agreement on Safeguards requires these measures to be fully eliminated by December 31, 1999. Canada will be monitoring developments within Japan to ensure that 1) the distortive measures are eliminated on schedule and 2) that no new schemes are devised to continue the distortion of automotive trade.

Agri-food, Fish and Beverage Products

Japan is the world's largest net importer of agri-food, fish and beverage products, and is Canada's second-largest market for agri-food exports after the United States. In 1997, agri-food and fish exports exceeded \$3 billion. Canada seeks further access to this important market, and has concerns with Japanese measures regarding tariffs, safeguard measures, genetically modified organism environmental field testing and labelling, phytosanitary and subsidy concerns. In many of these 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 part of the next WTO negotiations which are scheduled to begin in 1999.

Safeguard Measures on Chilled and Frozen Pork

In 1997, Canadian exports of fresh and frozen pork cuts were valued at \$337 million and have been growing substantially each year. However, Canada is concerned about the administration of Japanese safeguard measures on pork in the form of an increased minimum import price and higher tariffs which are designed to restrain growth in chilled and frozen pork imports. Since they were first triggered in 1995, the safeguards have been of significant concern to the Canadian pork sector. As currently administered, these measures create 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 safeguard. This will be a priority in the next WTO negotiation.

Tariffs on Canola Oil

Japan duties on most cooking oils currently range between the equivalent of 10.8 percent and 11.2 percent on an *ad valorem* basis to provide protection to its domestic oil crushing industry. These have declined substantially since completion of the Uruguay Round, and will fall to ¥10.9 per kilogram and ¥13.2 per kilogram respectively by April 1, 2000. However, the tariffs still limit imports of crude and refined cooking oils, and confer a competitive advantage on Japanese crushers that purchase oilseeds in the global market. Canada will continue to press Japan to eliminate its specific duties on crude and refined canola oil in the context of an overall multilateral zero-for-zero negotiation on all oilseeds.

Acceptance of Transgenic Canola

Canola seed is Canada's largest agricultural export to Japan, with shipments in 1997 valued at \$860 million. Transgenic technology refers to the introduction of a new trait, such as tolerance to specific herbicides or the enhancement of nutritional quality, through the insertion of a gene from another species into the canola plant. Transgenic canola is the first genetically altered, Canadian-grown crop to be put forward for approval in Japan. New varieties are subject to approval by Japan on the basis of environmental, food and feed safety guidelines. Japan approved the importation of three varieties of transgenic canola in 1996 and subsequently extended the approval to conventionally derived progeny of approved transgenic lines. Since then Japan has approved an additional three transgenic varieties in 1997 and four more in 1998.

The Japanese approval process remains a concern and could pose delays in the acceptance of subsequent transgenic crops, whether they be canola with additional genetically modified traits or transgenic traits in other crop species. The multi-step Japanese environmental clearance system recognizes North American clearances, and allows a plant to enter the Japanese system at a higher level, however the current process entrenches a gap of 18 months between