

countries' economic relationship." At the most recent CJBC meeting in Sendai in May 2002, the CJBC called upon the two governments to expedite the negotiation of a social security agreement that would encourage two-way investment, as well as reduce the disadvantages that an agreement currently being negotiated with the United States would create for Canada in the context of an integrated North American market.

Market Access Results in 2002

- ❑ Japan and Canada have agreed to negotiate a new framework for the bilateral trade policy relationship on housing and building products, formal approval of which is expected at the Canada-Japan Housing Committee meeting in 2003. Japan replaced Section 38 of the Building Standards Law (BSL) with a system allowing for recognition of foreign evaluation bodies and foreign approval bodies, and continued to move toward increased adoption of international (ISO) standards for building products.
- ❑ Health Canada and the Ministry of Health and Welfare of Japan have agreed to implement an Information Exchange Project (IEP) on a Good Manufacturing Practices (GMP) Compliance Program for drug products; the IEP is intended to serve as a first step in regulatory collaboration on a GMP for drug products, leading to the mutual recognition of each other's drug GMP compliance certificates.
- ❑ Negotiations for an agreement between Canada and Japan regarding cooperation on anti-competitive activities were announced in June 2002 and began soon thereafter. This agreement seeks to coordinate enforcement activities between Canadian and Japanese authorities responsible for regulating competition.
- ❑ Canada, in collaboration with embassies from other countries, has worked with the Ministry of Health, Labour and Welfare to facilitate the approval of food additives in regular use internationally and to assist in bringing Japanese legislation into line with international practice.
- ❑ Japan has accepted official export certification that Canada is free of Bovine Spongiform Encephalopathy (BSE).

Canada's Market Access Priorities for 2003

- ❑ Continue to press for a reduction of duties applied to vegetable oils (particularly canola), processed foods, red meats, fish, forest products (spruce-pine-fir lumber, softwood plywood, laminated veneer lumber, oriented strand board and laminated beams), non-ferrous metals and leather footwear.
- ❑ Continue to press for the elimination of specific technical and regulatory barriers in Japan in order to facilitate Canadian exports in such priority sectors as food, building products and services, including regulations and standards that vary from international norms (e.g. practices regarding the use of foreign clinical data when approving pharmaceutical products and medical devices, Japan Industrial Standards for plastic resins, and levels of formaldehyde in infants' clothing).
- ❑ Continue to seek an agreement on totalization and social security with a view to reducing costs of social security contributions and helping to protect the pension rights of employees in both countries.
- ❑ Continue to press for enhanced capacity and access to a number of new slots at Narita Airport and code-sharing rights for services beyond Japan.
- ❑ Given the rapid advancement of fuel cells and related industries, press for laws regarding hydrogen usage, as well as for a review of the deleterious substances law (i.e. as it affects the production, storage and distribution of methanol and related substances).

IMPROVING ACCESS FOR TRADE IN GOODS

Agri-food, Fish and Beverage Products

Japan is the world's largest net importer of agri-food, fish and beverage products. In 2002, Canadian agri-food and fish exports to Japan amounted to \$2.6 billion. Canada seeks further access to this important market, and has concerns with Japanese measures regarding tariffs, safeguards, labelling of food derived from GMOs, and import requirements regarding food sanitation and plant health. While most market access concessions and tariff reductions will be discussed in the context of the current overall WTO negotiations, other issues are being addressed at the bilateral level.