



- An employee of the Japanese Ministry of Construction was assigned to Canada to participate in the evaluation and development of new standards that can be applied in Japan, resulting in improved and faster access of Canadian building products to the Japanese market.
- Japan has offered to facilitate approval for the use of Canadian nails in the construction of prefabricated buildings for shipment to Japan, provided Canada demonstrates that its nail manufacturers meet Japan Industrial Standards or produces equivalent strength data. Such a change could reduce the cost and difficulty for small- and medium-sized firms to market prefabricated buildings in Japan.
- In early 1998 Japan accepted Canadian National Lumber Grading Association standards for finger-jointed and machine stress-rated lumber. Progress is anticipated in approval of a similar application for oriented-strand board.
- Japanese investor and policy holder insurance schemes in both the securities and life insurance sectors have been adjusted to protect foreign financial institutions, who wish to enter the Japanese market, against past liabilities arising from the current difficulties in Japan's domestic financial sector.
- The Japanese Ministry of Health and Welfare approved four more transgenic varieties of Canadian canola, in addition to the six varieties already approved in 1996 and 1997.
- Canadian exports of distilled spirits have more than doubled. The increase follows the introduction of lower tariffs and excise taxes as a result of Japan's obligations stemming from the WTO panel on its liquor-tax regime.

Canada's Market Access Priorities for 1999

Japan's formal tariff measures have been steadily reduced through successive rounds of multilateral trade negotiations. In 1998, over 70 percent of Canadian exports entered Japan duty-free. However, even with full implementation of the tariff reductions achieved in the Uruguay Round, high average tariff rates continue to be applied to many Canadian exports, particularly value-added agri-food products.

In the next WTO negotiations, Canada will seek the elimination of duties applied to vegetable oils (particularly canola), processed foods, forest products (newsprint, spruce-pine-fir lumber, softwood plywood, laminated veneer lumber, oriented strand board and laminated beams) and red meats, fish and non-ferrous metals.

Canada continues to seek the elimination of specific technical and regulatory barriers in Japan to facilitate Canadian exports in priority sectors such as agri-food and building products.

Deregulation

Since 1994, Canada has actively supported Japan's efforts to stimulate the economy through deregulation. On a number of occasions, Canada participated in Japan's official consultation process and identified domestic regulatory impediments that limit economic growth or add unnecessary costs to business and consumers. Progress has been notable in some areas, for example the "Big Bang" in the financial sector, however in other areas success has been limited. Effective April 1, 1998, the Japanese Cabinet approved its second three-year deregulation program and appointed a Deregulation Committee of prominent business and academic representatives to guide the government's efforts.

Canada has made several representations to this Committee and its predecessors, with its latest submission offered on October 9, 1998. This submission raised areas of specific concern in three focus sectors: building products and housing; agriculture and agri-food; and telecommunications. Canada's submission also addressed general concerns with regard to standards, structural reform (including distribution and competition policy), distribution and energy.

Progress in the building products sector has been most encouraging, especially with the change to performance-based regulations in the Building Standards Law. Regarding Canadian concerns in the agricultural sector, there is so far no sign of the same kind of watershed thinking. In the telecommunications sector, a review is promised by the year 2000 on the issue of network interconnections which may address certain concerns expressed by Canada.