

ucts, and called for multi-level efforts to create a foundation for free economic activity through comprehensive EPAs with countries and regions important to Japan, although concern was expressed about Canadian FTAs and negotiations that could lower the competitiveness of Japanese exports to Canada. The group also pointed to Article XXIV of the General Agreement on Tariffs and Trade (GATT), stipulating that the parties to an FTA or EPA must ensure trade liberalization by eliminating tariffs with respect to "substantially all the trade." It further explained that tariff elimination or reduction should be considered in conjunction with the progress in the WTO Doha Development Agenda negotiations.

The group also explained that if there was a change in *status quo* of the international environment surrounding Japan and Canada, such as Canada signing FTAs with other countries, thus reducing the competitiveness of Japanese goods exported to Canada, an FTA or EPA would be, on the whole, greatly advantageous for both Japan and Canada. In such a case, it was recommended that the two sides should begin consultations on an FTA or EPA. Particular concern was, in fact, expressed that the Japanese business community must keep in mind the progress of ongoing negotiations between Canada and other countries as they pursue FTAs or EPAs, with strong concern noted especially over the progress on a Canada-South Korea EPA/FTA.

(ii) *Group B*

Another group mentioned that Japan is by far a net exporter of industrial goods and the world's largest net importer of agricultural products. It explained that in such a situation, EPAs would not benefit each sector in an equal manner and that Japan should not pursue trade expansion in industrial sectors at the expense of its agricultural sector. The group also stressed the importance of domestic agricultural production in terms of food security