

Canadian aerospace firms, expressed strong interest in exploring further collaboration with the Canadian industry. As a result, a delegation of Canadian companies visited Japan in February 2003, led by the Aerospace Industries Association of Canada and Industry Canada.

As an ongoing service, the Canadian Embassy continues to manage a Japanese language Web site that offers a wealth of material on Canada's commercial capabilities in all our priority sectors, as well as information on the wide range of embassy services available.

Managing the Relationship

Canada and Japan continue to promote trade development and economic cooperation under the 1976 Framework for Economic Cooperation and the Joint Communiqué announced during the 1999 Team Canada mission led by Prime Minister Chrétien. The Joint Communiqué reaffirmed the intention of the two governments to advance regulatory cooperation with a view to facilitating trade in regulated products. It also welcomed the interest expressed by the private sector in undertaking a study of bilateral trade and investment opportunities.

While trade policy meetings provide a comprehensive view of the trade and economic relationship, they are complemented by regular issue-specific talks conducted by government departments and agencies in Canada and Japan, in such sectors as telecommunications, culture, building codes and related product standards, environment, tourism, air services, oilseeds and transportation. This range of themes is indicative of the breadth of our trade and economic relationship with Japan. A review of the more than 40 bilateral consultative mechanisms between Canada and Japan was completed in June 2001 by the Canadian and Japanese governments. The exercise was designed to identify mechanisms that have completed their roles, as well as those that should be strengthened in the context of efforts to revitalize the bilateral relationship.

Regulatory cooperation between Canada and Japan also continues to advance on many fronts, both multilaterally and bilaterally. Canada will continue efforts to extend cooperation in areas such as biotechnology, building codes, competition policy and customs administration. In particular, we will continue discussions between health authorities on the observation of inspections and the possibility of mutual recognition

of good manufacturing practices in the pharmaceutical industry. 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 the Canadian and Japanese authorities responsible for regulating competition.

Regulatory reform has been a Japanese government priority for a number of years. Canada (along with Australia, New Zealand, the U.S., the EU and domestic organizations such as Keidanren) has made regular annual submissions to the Japanese regulatory reform authorities, whose latest incarnation is the Regulatory Reform Council (formerly the Regulatory Reform Committee). Canada's submission in 2002 to the Regulatory Reform Council followed along the lines of the 2001 submission, which was expanded to include not only areas of particular concern to Canada, such as telecommunications and building standards, but also more cross-cutting structural issues related to the overall investment environment in Japan. Many of these issues have serious implications for the overall recovery of the Japanese economy and for the ability of Japan to attract foreign, including Canadian, investment. In December 2001, the Regulatory Reform Council, which reports directly to the Prime Minister's office, released its Three-Year Program for Promoting Regulatory Reform, following up with a revised report in the first quarter of 2002. Submissions from foreign governments, including the Canadian government, are an integral part of this process. The Japanese government has also announced a Program for the Promotion of Special Zones for Structural Reform.

Canada welcomes and encourages private sector initiatives to improve trade relations. In May 2000, at the Canada-Japan Business Committee (CJBC) meeting in Tokyo, the CJBC leadership emphasized the need for greater diversification and announced that "concrete steps toward a Japan-Canada Free Trade Agreement would be an effective tool for promoting bilateral trade and investment." At the CJBC meeting in Calgary, in May 2001, the CJBC proposed that the two governments, in consultation with the Canadian and Japanese private sectors, explore the idea of a "new comprehensive partnership framework for enhancing the two