

ented strand board is also considered to significantly limit Canadian exports.

Tariff escalation and tariff parity issues have also been common concerns. Tariff escalation is the practice of charging lower tariffs on unprocessed goods and high tariffs on their semi-processed or processed end products. For example, while Japan has a 0% tariff on import of unprocessed mustard seed, the tariff rates for mustard flour range from 7.5% to 9%. Another example is on value-added beef products, where the tariff increases at the bound level of 50%, which has a prohibitive effect. In addition, concern has been raised across a number of different products, including oils and wood products, concerning the disparity between tariffs applied to like products within the group. For example, canola and soybean oils face tariffs of 10.9 yen/kg for crude oil and 13.2 yen/kg for refined oil, while other oils enjoy lower or, in some cases, no tariffs.

In the shipbuilding sector, although the shipbuilding industries of Canada and Japan are quite different, in terms of both size and the types of vessels manufactured, the Canadian industry is concerned that trade liberalization in this sector and the removal of the 25% Canadian tariff would likely have a detrimental impact on the industry. The industry representative indicated that they were not opposed, in principle, to trade liberalization with Japan, but highlighted the need to have in place a domestic transformative policy before tariffs are eliminated. The industry noted that over the past 20 years, the Canadian shipbuilding industry has been under increasing pressure in the face of highly subsidized international competition.

Tariff issues also go both ways in the context of Canada's consultations. A Japanese group in Canada pointed out that Canada is committed to reducing custom tariffs as part of its APEC action program. Areas of special concern are automobiles and trucks, wheels for railway rolling stock, photographic films for exposure in cinematography, and electrical insulators of ceramics.