

Through *Canada's Action Plan(s) for Japan*, business and all levels of government are co-operating to exploit market opportunities in six high growth sectors: agri-food and fisheries; tourism; information technology; consumer products (furniture, sporting goods and giftware); building products; and health care/medical devices. The Action Plan draws attention to new opportunities that have been created in the Japanese market through continuing structural economic change, deregulation and changing consumer tastes. It seeks to alert Canadian industry to changing market conditions in Japan and to encourage them to adopt their product to the Japanese market.

## MANAGING THE TRADE RELATIONSHIP

Canada and Japan continue to promote trade development and economic co-operation under the 1976 *Framework for Economic Cooperation and the Canada-Japan Agenda for Cooperation* announced during the November 1996 visit of Prime Minister Chrétien to Tokyo. The Agenda reaffirmed a common commitment to expand trade and investment through improved transparency and market access.

High-level governmental consultations were held on two important occasions in 1998. The first was the annual informal trade policy talks held in May, when DFAIT's Assistant Deputy Minister for Trade and Economic Policy met with his counterpart at the Ministry of International Trade and Industry (MITI) to review a wide range of multilateral and bilateral issues. Multilaterally, the officials reviewed such topics as APEC, the Asian Financial Crisis, approaches to new WTO negotiations, and electronic commerce; bilateral discussions included Japan's reaction to Canada's Auto Competitiveness Review, Canada's suggestions for Japan's deregulation program, and the successful launch of the DFAIT-MITI personnel exchange. In October, Canada's Deputy Minister of Trade and Japan's Deputy Minister of Foreign Affairs (MFA) held a meeting of the Canada-Japan Joint Economic Committee (JEC). This meeting touched on a range of multilateral issues, and also focused on specific bilateral concerns as well as suggestions for the enhancement of bilateral ties, including more frequent consultations.

While the trade policy and JEC meetings provide a comprehensive view of the trade and economic relationship, they are complemented by regular issue-specific talks conducted by line departments and agencies in Canada and Japan in such sectors as telecommunications, culture, building product standards, environment, tourism, air services, fisheries, oilseeds and transportation, to note a few. The range of meeting themes is indicative of the depth of the economic and trade relationship with Japan.

Both Canada and Japan also welcome and encourage private sector initiatives to improve trade relations, including the annual Canada-Japan Business Conference and missions by business delegations, such as the Keidanren's 1996 visit to Canada, and the visit to Japan in November 1998 by a high-level team of Canadian business people from the Business Council on National Issues.

## Market-opening Results in 1998

To expand market opportunities for Canadian exporters, Canada actively supported the Japanese government's efforts to stimulate the Japanese economy through deregulation, strengthened competition policy and further market liberalization. In this dynamic environment, Canada and Japan addressed a series of issues of long-standing concern to Canadian business:

- In June 1998, the Ministry of Construction enacted legislation which will substantially move the Building Standards Law towards a performance-based system.
- The Japan Agricultural Standards (JAS) Policy Committee report of October 20, 1998, included many recommendations which should serve to benefit Canadian exporters, for example, calling for privatization of grading and inspection services, and urging further consideration of international harmonization of standards. The Ministry of Agriculture, Forestry and Fisheries (MAFF) is now acting upon the recommendations in the report, including those requiring legislative changes, scheduled to be effected in 1999.
- As requested by Canadian exporters, MAFF is in the process of revising the JAS structural plywood standard to accommodate softwood veneers in Class 1 plywood and to accommodate the shift to performance-based standards.