

core of Canadian companies and products is required to boost consumer awareness of Canada as a food provider.

One of the most fundamental challenges remains the domestic constraint on supply. From commodities to processed foods, there is a need to augment the supply of competitively priced products, especially value-added products that are attractively packaged, consumer sensitive, and adapted for the Japanese marketplace.

These products must navigate Japan's complex regulatory environment, which is evolving in response to many factors, including the increasing sensitivity of Japanese consumers to the safety of the foods they consume — especially those that have been imported.

Japan's stringent **Food Sanitation Law**, which regulates food-safety attributes such as ingredients, processing techniques, contaminants and labelling, was revised in 1995 for the first time in 23 years. Now updated to international standards, the law includes new guidelines for use of natural additives, preservatives and agricultural chemicals; generally establishes zero tolerance for "foreign" substances (e.g., bacteria, chemical residues); and includes labelling requirements for "country of origin" and "best before" dating. The recent *E. coli* food poisoning epidemic in Japan, which killed 11 people, has resulted in an acutely heightened awareness of food-safety issues on the part of the food industry, media and public. Imported foods will not be exempt from the resulting scrutiny.

The recently introduced **Product Liability Law** requires that consumers be given clear information on the characteristics and safe use of products, and it assigns manufacturers, processors and importers

liability for damages or injuries caused by defective products. Importers, now held accountable for product safety for the goods they import, may decide to contractually bind foreign exporters to pay any damages that arise. Companies in the food sector are preparing by establishing consumer information units and considering liability insurance.

The **Package Waste Bill**, also approved in 1995, obliges vendors (including importers) who manufacture or use containers and packaging materials to recycle those packaging wastes that are classified and collected by the government and to incur related costs. Glass containers, cans and PET bottles will be subject to recycling beginning April 1, 1997, while plastic and paper package recycling will begin March 31, 2000. Some postponements and exemptions exist for small and medium-sized enterprises. Canadian exporters must be aware of this evolving issue.

THE ACTION PLAN - Long Term Commitment, Product Adaption and Excellence

To optimize Canadian participation in this growth market, Canada must develop a supply capability that meets the needs of the market. To do this, Canadians need to be **aware** of what is going on in the market, to **adapt** products to Japanese tastes and lifestyle, and to **promote** their products effectively in Japan.

The various trade and industrial development agencies of the federal and provincial governments support the private sector in carrying out comprehensive, integrated plans to improve supply capability and performance in the Japanese market.