

(spruce-pine-fir lumber, softwood plywood, laminated veneer lumber, oriented strand board and laminated beams), non-ferrous metals and leather footwear.

- Continue to press for the elimination of specific technical and regulatory barriers in Japan. These barriers include regulations and standards that vary from international norms (e.g., practices regarding the use of foreign clinical data when approving pharmaceutical products and medical devices).
- Continue to seek an agreement on social security and totalizations, whereby the calculation of benefits would be based on the period of time contributions were made in either country. The aim is to reduce the costs of social security contributions and to help protect the pension rights of employees in both countries.
- Continue to press for enhanced capacity and access to a number of new slots at Narita Airport and for expanded code-sharing rights for services beyond Japan.

IMPROVING ACCESS FOR TRADE IN GOODS

Agri-food, Fish and Beverage Products

Japan is the world's largest net importer of agri-food, fish and beverage products. In 2003, Canadian agri-food and fish exports to Japan amounted to \$2.8 billion. Canada seeks further access to this important market and has concerns regarding Japanese tariffs, safeguards, labelling of food derived from genetically modified organisms, and import requirements dealing with food sanitation and plant health. Most market access concessions and tariff reductions will be discussed in the context of the current WTO negotiations; however, other issues are being addressed at the bilateral level.

Safeguard Measure on Chilled and Frozen Pork

Canada remains concerned about the Japanese snapback safeguard measure on pork, which raises the minimum import price by approximately 25%. This safeguard was triggered again on August 1, 2003, for the third consecutive year and will last until the end of the current fiscal year, March 31, 2004. Since it was first triggered in 1995, the snapback safeguard

has been a significant issue for the Canadian pork sector. As currently administered, this measure creates considerable market fluctuations for Canadian suppliers and Japanese importers. Canada is seeking a resolution that addresses the concerns of both exporters and importers by eliminating the negative market impacts of the snapback safeguard. This is a priority in the WTO agriculture negotiations.

Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, Japan imposed a temporary ban on imports of all ruminant animals, meat and meat products including embryos and ova. Pork or poultry meat sausages made with ruminant casings from Canada and sausages made with cattle casings are banned. Canada has kept all its trading partners, including Japan, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

Safeguards on Beef

During the Uruguay Round of WTO/GATT negotiations, Japan's trading partners agreed to a specific safeguard mechanism for beef that would protect domestic producers from sudden import surges. The occurrence of bovine spongiform encephalopathy in Japan in September 2001 resulted in unusually low consumption of beef and a decline in both domestic and imported beef sales. Since then, the market has recovered, domestic production is now above pre-BSE levels and live animal prices are above the government-recommended price band. In contrast, import volumes, while they have grown, are still below pre-BSE levels. Although the growth in beef imports in 2003 is merely a return toward the former level of imports, not a surge, it nevertheless triggered, on August 1, the application of the safeguard on chilled beef, which lasted until March 31, 2004. The outcomes are higher prices for importers and a slower recovery of Japan's beef market, neither of which are advantageous for Japanese producers or consumers. Although the import of beef from Canada has been banned since May 21, 2003, the embassy has expressed, jointly with the embassies of other