



any future WTO negotiations (particularly with respect to industrial and fish products and, to a lesser degree, agriculture and services) and influence the process leading up to the Third WTO Ministerial Meeting. If sectoral agreements for the APEC sectors are not finalized in the context of the WTO prior to that meeting, Canada would like to use APEC support to ensure that our sectors of particular interest — forest products (wood and paper), fish, environment, civil aircraft, fertilizers and oilseeds — are taken into account in decisions on the scope of future negotiations.

APEC endeavours to work with business to identify obstacles to trade and investment. Member economies co-operate to develop practical means of reducing or removing such obstacles. Individual elements of APEC's trade facilitation work programme may not grab headlines; however, the whole of the effort is greater than the sum of its 300-plus parts. A 1997 APEC study concluded that current commitments by member economies to facilitate intra-APEC trade will have a larger impact on reducing costs and increasing GDP than their current commitments to liberalize trade.

In 1998, Canada as past host of the APEC process focused on ensuring that work to advance the vast trade facilitation agenda maintained momentum. This ongoing work will continue to make regional trade easier and less costly, improve the predictability of the business environment and generate opportunities for networking and partnerships.

In 1998, among other things, APEC:

- Produced an updated *Blueprint for APEC Customs Modernization: Working with Business for a Faster, Better Border*.
- Commenced work on an APEC Directory on Professional Services.
- Continued to update the APEC *Guidebook on Investment Regimes*, which is now published on the Internet.
- Advanced work on an updated *Guide to Arbitration and Dispute Resolution* in member economies.
- Developed a website on APEC members' customs procedures.

- Agreed to additional priority areas for alignment with international standards in the fields of electrical and electronic equipment in respect of safety and electromagnetic compatibility by 2004/2008.
- Completed a Mutual Recognition Arrangement for Telecommunications Equipment.
- Developed a Mutual Recognition Arrangement on Automotive Products.
- Produced an APEC *Blueprint for Action on Electronic Commerce*.

In 1999, Canada will be looking to advance work in all of these areas, as well as to push member economies to provide access for Canadian business persons on par with the access provided by Canada to foreign business persons.

All APEC documents are available on the Internet at www.apecsec.org.sg

JAPAN

Overview

Japan is Canada's third-largest trading partner, with 2.98 percent of total exports, and is the third-largest foreign direct investor in Canada. Canada is Japan's eleventh-largest trading partner, and a leading supplier of a number of key products such as coal, uranium, canola seed, lumber and prefabricated housing. Canada is becoming an increasingly important source of a range of sophisticated, high-tech products for Japan. Japan is also a major source of portfolio investment in Canada and recent indications are that Canadian direct investment in Japan will increase.

In 1998, although Canada enjoyed strong economic performance, the composition of Canada's trade with Japan continued to evolve in response to changing economic conditions in both countries. Canada's total merchandise trade with Japan dipped just under \$20 billion. Exports declined 20 percent to \$9.64 billion and imports climbed 11 percent to \$9.66 billion resulting in a slight increase in the bilateral trade deficit. Canada exported \$1.2 billion in trade in services and imported \$1 billion in 1998. Despite the present recession, the long term trend in Japan for increased demand for cost-competitive imports represents an important market opportunity for Canadian exporters.