

The positive qualitative and quantitative assessment of the modelling above, coupled with the long history of cooperation between Canada and Japan, suggests potential value in a bilateral free trade initiative. While agreement could not be reached at this time, due to Japan's concerns on possible impacts on its agriculture, forestry and fisheries sectors (related to the fact that these sectors account for such a large part of Japan's imports from Canada), Canada and Japan decided to revisit the possibility of an FTA to follow up the Joint Study report, through appropriate channels such as the next Joint Economic Committee (JEC).

6.3.1.2 Regulatory Reform Dialogue

Regulations can influence trade and other commercial activities in a number of ways. Addressing regulatory issues and making efforts to solve them with a cross-sectoral approach will contribute to the promotion of bilateral trade. The Canada-Japan Economic Framework document identifies regulatory cooperation as a key area in Section 5. One of the measures to address this issue is to initiate a regulatory dialogue, to advance regulatory cooperation between both countries, along with the Economic Framework and the JEC.

The need for establishing such a framework between Canada and Japan was expressed from both Canadian and Japanese sides at the hearings of the private sector. In addition, the importance of improving the business environment and promoting regulatory reforms in both countries was also stressed. Some of the issues identified for improvement are visa issuance, mutual recognition, intellectual property, removal of regulatory barriers in the trade of goods, and regulations governing investment in services.

Canada and Japan share the view that improving regulatory issues will contribute to strengthening economic relations between the two countries. Though Canada and Japan have sub-