

Tariffs on Canola Oil

Japan's duties on imported cooking oils are applied on a specific rate basis, i.e. a certain number of yen per kilogram. Despite the specific rates having declined approximately one-third since completion of the Uruguay Round (to ¥10.9 per kilogram for crude oil and ¥13.2 per kilogram for refined oil as of April 1, 2000), these rates ensure that as market prices decrease, the effective tariff barrier to imports remains constant. Due to the low product prices experienced in the early months of 2000, the *ad valorem* equivalent of this tariff has been in the range of 24 percent to 32 percent. These very high tariffs are designed to heavily protect Japan's domestic oil-crushing industry and other related products such as margarine.

Acceptance of Transgenic Canola

Canola seed is Canada's largest agricultural export to Japan, with shipments in 1999 valued at \$590 million. Transgenic technology refers to the introduction of a new trait, such as herbicide tolerance or the enhancement of nutritional quality, through the insertion of a gene from another species into the canola plant. Transgenic canola is the first genetically altered, Canadian-grown crop to be put forward for approval in Japan. New varieties are subject to approval by Japan on the basis of environmental, food and feed safety guidelines. Japan approved the importation of three varieties of transgenic canola in 1996, and subsequently extended the approval to conventionally derived progeny of approved transgenic lines. Seven transgenic varieties of canola were approved in 1997 and 1998. In 1999, three varieties were approved and a fourth has received the necessary environmental and food approvals, but is awaiting feed approval.

The Japanese approval process remains a concern, and could pose delays in the acceptance of subsequent transgenic crops, whether they be canola with additional GM traits or transgenic traits in other crop species. The multi-step Japanese environmental clearance system recognizes North American clearances and allows a plant to enter the Japanese system at a higher level; however, the current process entrenches a gap of 18 months between North American commercial clearance and Japanese import clearance. Environmental field testing should not be

required for GM varieties that are intended only for processing in Japan, particularly when these traits have already undergone environmental field testing in other varieties of the same species.

Japan has three separate approval systems (feed, environmental and food). Currently, the feed and environmental approval processes do not distinguish between the canola subspecies *brassica napus* and *brassica rapa*. Canada will continue to make efforts to persuade Japan that these subspecies should not be distinguished in the food safety approval process.

Labelling of Food Products Containing Genetically Modified Organisms

In August 1999, Japan announced that it would subject 30 food products, including soybeans, corn, potatoes and products made from these, to mandatory labelling for GMO content. Japan, believed to be the world's largest importer of GMO foods, relies heavily on imports from nations such as Canada to meet food requirements.

Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) has adopted a pragmatic approach based on currently available methodology: if protein markers or DNA of GMOs are detectable by existing analytical methods, the item will require labelling. Highly processed products including refined oils (such as canola) with no DNA or protein content — and thus no means of detection — would not, at this time, require labelling. The labels will apply to foods that are deemed to be "substantially equivalent" in use, composition or nutritional value, and are therefore being used to describe the process, rather than the product. Japan has not indicated a minimum level of GMO content, so generally, foods could be labelled as non-GMO provided that they are certified to have been segregated from GM crops in production and distribution systems.

The potential impacts of this measure are not fully evident at this time. Many issues remain to be determined, including the scope of the labelling scheme, the extent to which it will be exercised on new products and whether or not it will be expanded to include other GM crops. Canada has raised concerns about Japan's labelling approach, both bilaterally and in the WTO Committee on Technical Barriers to Trade.