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TOWARDS A CANADA-JAPAN ECONOMIC PARTNERSHIP AGREEMENT: AN ASSESSMENT OF TRADE BARRIERS TO ALBERTA'S EXPORTS

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Executive Summary

This report reviews the most recent two decades of Alberta's merchandise exports to Japan, takes a close look at the tariffs that Japan imposes on key Alberta exports, surveys the non-tariff barriers to trade (NTBs) faced by Alberta's exports, particularly agricultural products in the Japanese market, and then assesses the lessons learned from Japan's existing trade agreements. The findings of this report are as follows:

- Japan was Alberta's third largest export market in 2010, after the US and China. While exports to Japan from Alberta have risen from 1990-2010, their share in total Alberta, and Canadian, exports has diminished, in part because of a period of slow growth in Japan and more dynamic growth in other export destinations of the province. While in 1990 Alberta's exports to Japan accounted for 7.2% of total provincial exports, this share had fallen to 1.9% by 2010.
- Energy, mostly in the form of coal, constituted 18% of Alberta's exports to Japan in 2010, down from 39% in 1990. Commodities comprise the bulk of Japan-destined products at 81%, up from 59% in 1990. Manufactured products maintained a constant 1% share among the province's sales to Japan.
- By contrast, the composition of Alberta's sales to the world shows an increase in the importance of energy exports, due to increases in the price of oil and the volume shipped to the US.
- Alberta's key exports to Japan in 2010 were Oil Seeds, Meat, Coal, Woodpulp, and Cereals, with revenues in the $100 to $330 million range.
- Meat exports increased over 1000% from 1990-2010, rising in value from $21million to $288 million, and contributing to 75% of export growth to Japan over this period. Nickel, Base Metals, and Wood products also achieved very high growth rates, reaching $55-67 million in export revenue by 2010.
- Japan's tariff levels, on average, are similar to those of the US and the EU, with an overall average bound rate of roughly 3% since 2008. In 2010 the simple average applied tariff varied little (0.4%) from the bound rate.
- Japan's tariff structure shows peaks of final bound duty rates on dairy products that average 133%, with high *ad valorem* equivalent rates on cereals, sugars and confectionary, beverages and tobacco and animal products.
- Tariff rate quotas (TRQs) are also applied to certain products, with higher tariffs applied when the quota limit is reached. In recent years, the quotas for "Wheat, Meslin and Trilicale and their processed products" were not exhausted, so out of quota tariffs were not applied. For "Barley and its Processed Products", however, quotas were occasionally exceeded.
- Alberta beef faces 50% tariffs in Japan, and certain low price pork products face significant per unit tariff levies.

- Japan maintains major NTBs against agricultural imports. Japan's NTBs are wide-ranging and have been the target of the EU, the US, and the WTO. A number of them are reviewed in the report in more detail.
- While 96% of Japan's Industrial Standards (JIS) are aligned with international practice, many of its Sanitary and Phyto-sanitary Standards are neither consistent with international standards nor based on sound cost-benefit analyses.
- The NTBs of Japan affect Wheat and Barley exports from Alberta, exports of Frozen or Chilled Pork and Beef, as well as Wood Product exports.
- Japan has concluded 11 Economic Partnership Agreements (EPAs) since 2002. It is a late-comer to bilateral and regional trade agreements. In its EPAs, Japan has shown a preference for transferring technology over market opening concessions in agriculture.
- A review of the impact of Japan's EPAs may be premature, given that there has not been much time since their enactment. The available evidence is not very solid, but suggests a modest expansion of trade. However, simulations with Computable General Equilibrium (CGE) models indicate that future EPAs of Japan with certain partners (e.g. China) could substantially improve Japan's growth prospects.

Introduction

Lack of progress in multilateral trade liberalization at the WTO has prompted many countries to pursue bilateral or regional trade and cooperation agreements. Canada is no exception, with ongoing negotiations with, among others, the EU and a joint-study underway with Japan.

Japan is the world's third largest economy. It is the source of important job-creating investment for Canada and is its fourth largest merchandise export market. As home to 71 of the world's largest 500 corporations, it is also the destination of more than 3000 Canadian exporters.[1] Value chains now reach across the Pacific, indeed the globe, and Japan constitutes an important link, providing high-value manufactured components and sophisticated technology.

The North American Free Trade Agreement (NAFTA) has brought gains to consumers in all three member countries through lower prices, more choice, and better quality. The Canadian Chamber of Commerce in Japan (CCCJ), among others, believes that a Canada-Japan Economic Partnership Agreement (EPA) would yield similar benefits.[2] No two countries have a greater stake in an open world trading system, and according to one study, trade between Canada and Japan is estimated to be at two-thirds of its potential.[3]

Existing agreements between Canada and Japan, such as the Science and Technology Cooperation Agreement (1986) and the Canada-Japan Economic Framework (2005) have formed the basis for further exploration of common interests, encapsulated in the Japan-Canada Joint Study (2007). The latter arrived at estimates of possible gains for Canada of 0.32% of GDP, $3.8 billion in 2001-dollars, and 0.17% of GDP for Japan by applying a commonly used computable general equilibrium (CGE) model.[4] The potential benefits of, and obstacles to, an economic partnership agreement with Japan are the subject of a new joint study announced by the Minister of International Trade in February 2011. The provinces are among the stakeholders being asked to provide input in a comprehensive consultation process.

Clearly, the Canadian Department of Foreign Affairs and International Trade (DFAIT) has recognized the market opportunities for Canadian products in Japan. As Japan embarks on trade agreements with other partners, DFAIT's awareness of the need for access by Canadian exporters to that market on

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[1] CCCE, Feb. 23, 2011.

[2] Note: An EPA (Economic Partnership Agreement) is the term Japan seems to prefer. An FTA (Free Trade Agreement) would be essentially synonymous..

[3] Dobson. (1999). p. 18.

[4] pp.62-3, *Report on the Canada-Japan Joint Study on Benefits and Costs of Further Promotion of Bilateral Trade and Investment,* DFAIT, October 2007. The estimates are in 2001-dollars and based on computations using version 6 of the Global Trade Analysis Project. The projected impact is achieved after a 10-15 year period.

competitive terms has increased. Our advanced materials sector; the agriculture, food and beverage industries; the ICT sector; aerospace and defense; and the environmental industries all have considerable market opportunities in Japan for their products and services.[5] Enhanced market access or access on equal terms with competitors must, therefore, be a priority.

Alberta's open spaces contrast sharply with Japan's densely populated islands. From grains and grazing land to forests, minerals, and hydrocarbons, our natural resources are strikingly complementary to Japan's manufacturing prowess, providing the basis for mutually beneficial trade expansion and opportunities to move Alberta's natural resources higher in the value chain.

This report has several objectives and is structured accordingly. Section 1 presents a review of Alberta's exports to Japan over the past 20 years. This overview provides context for the negotiations of freer trade with Japan. The subject of Section 2 is Japan's current tariff structure. The focus is on those tariffs and quantitative restrictions that Alberta's major exports currently face in Japan. This section also attempts to identify exports from Alberta that succeed in Europe, but not in Japan, perhaps due to high tariffs or unequal access. Section 3 focuses on Japan's non-tariff barriers to trade, particularly agricultural barriers, including safeguard measures that provide WTO-sanctioned temporary protection to domestic producers. Preceding our concluding observations, Section 4 assesses the lessons learned, to the extent that literature permits, from the experience of other countries or regions that have trade agreements with Japan.

[5] DFAIT, 2011.

1. An Overview of Alberta's Exports to Japan, 1990-2010

1.1 Overview

Japan is the world's 4th largest exporter, after China, Germany, and the US, and the 5th largest global export destination. It is the source of 4.65% of world merchandise exports and the destination for 4.35% of merchandise imports. Merchandise exports consist mainly (87.5%) of manufactures, while fuels and mining products (34%) and agricultural products (12.3%) make up almost half of its imports. Japan's largest trading partners are, just as for Canada, China and the US, with proximity determining their ranking.[6]

1.2 Alberta's Total Exports to Japan

In the following review of recent trade between Alberta and Japan, the focus will be on merchandise exports as reported by Statistics Canada in the internationally agreed upon Harmonized System (HS) Classification of products. This classification scheme starts with 2-digit chapters that denote a broader product chapter and reports export values in nominal values, i.e. relies on current prices. For example, HS Chapter 02 covers Meat and Edible Meat Products; HS Chapter 12 deals with Oils and Oil-containing Fruit; HS Chapter 84 covers Machinery. More detail regarding the product exported is found at higher digit levels. For example, at the 6-digit level of Chapter 12, Canola would be denoted HS 120510.

Imports from Japan cannot accurately be attributed to their province of destination, and service exports are notoriously difficult to attribute to their province of origin. Where production, provision, or assembly took place may differ from the location of invoicing, administration and record keeping. For these reasons, this report relies solely on merchandise export data. Even such data are increasingly fraught with methodological and interpretational problems as supply chains stretch across continents and regions of countries.

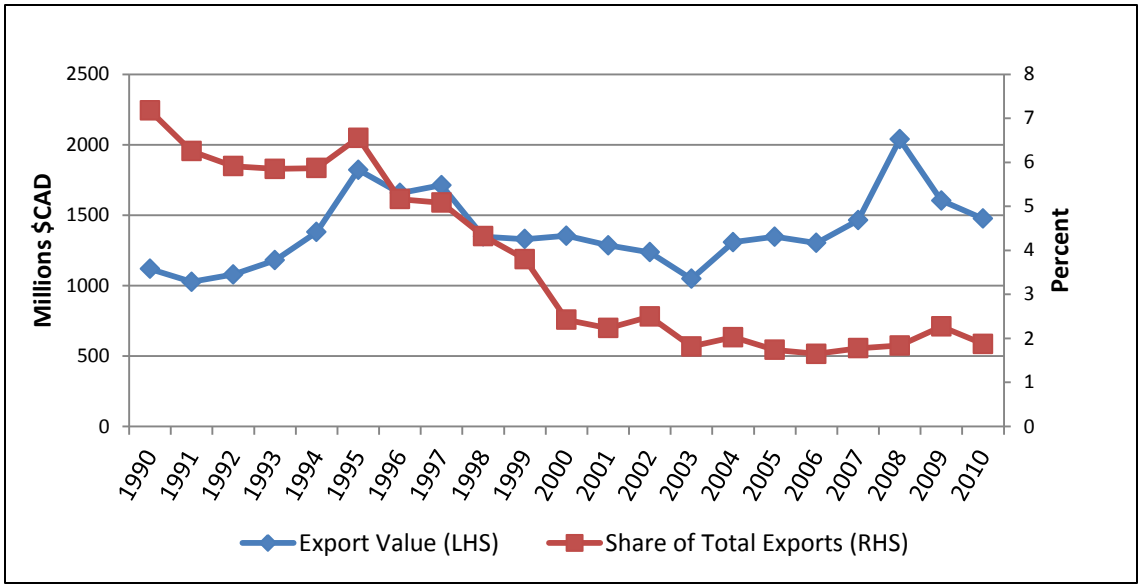
While the value of Alberta's merchandise exports has risen over the past two decades, Japan's share of these exports has fallen considerably. This reflects the dynamic growth of other markets, such as the NAFTA and China, as well as Japan's economic stagnation since the early 1990s, and is mirrored in the export experience of Canada as a whole with Japan (see Figures 1.1 and 1.2, below).

For Alberta, this trend is more pronounced in that export value grew 32% and share fell by 5 percentage points, while Canada's exports grew 12% and their share fell by 3 percentage points between 1990 and 2010. On balance, the share of Alberta's exports in total Canadian exports to Japan has remained relatively stable, averaging 15% over this period.

[6] WTO. (2010).

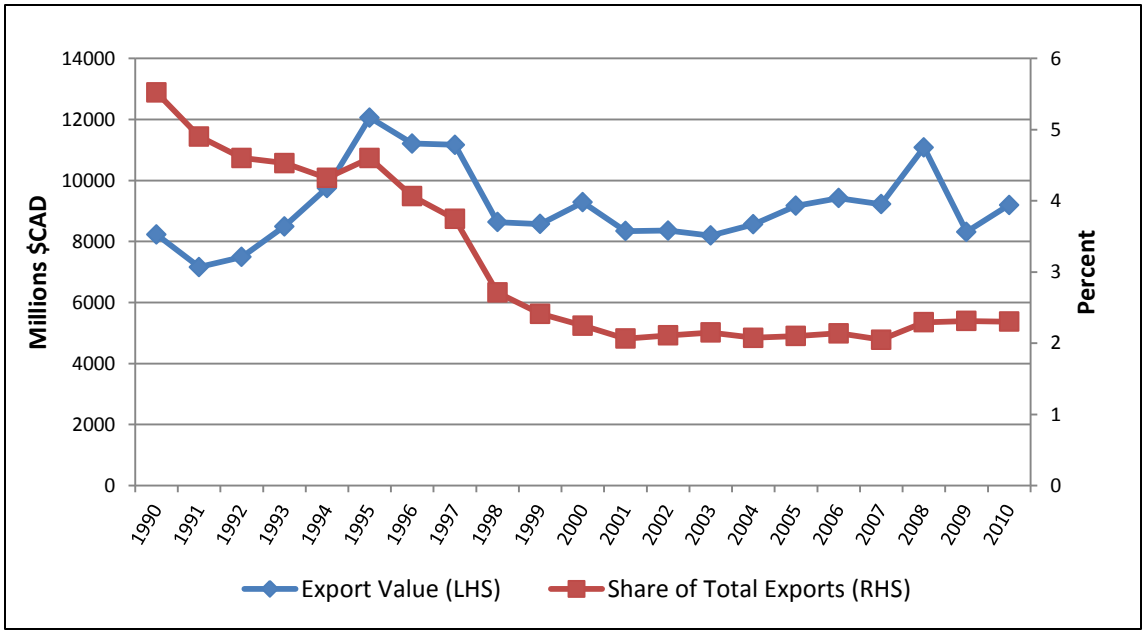
As can be seen from the Figures 1.1 and 1.2, the 2008-09 recession had a severe negative impact on the value of Alberta's, as well as Canada's exports to Japan.

Figure 1.1: Alberta's Exports to Japan



Source: Trade Data Online, Industry Canada

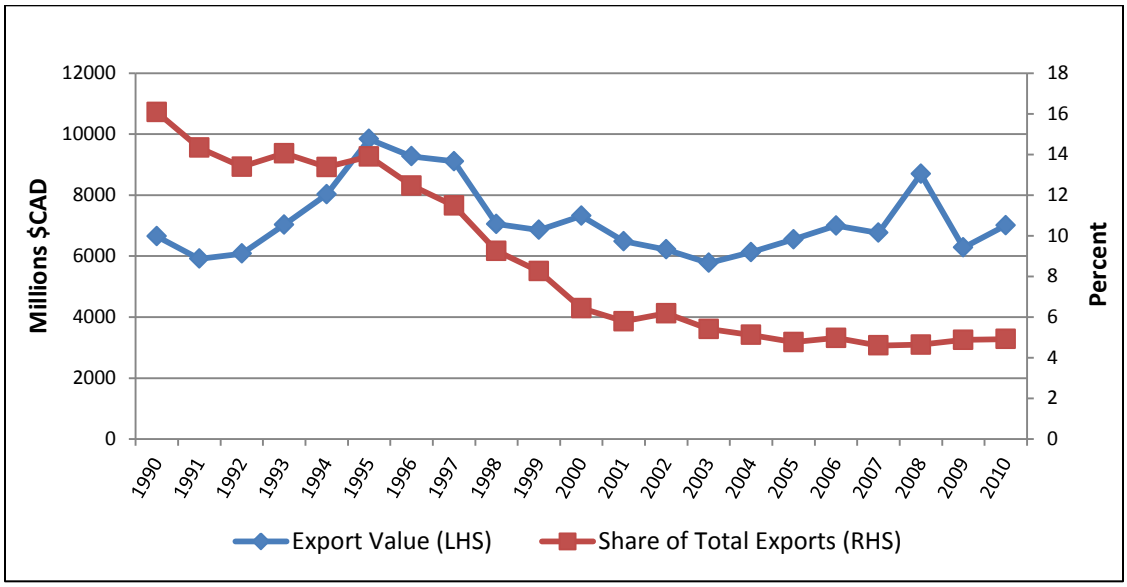
Figure 1.2: Canada's Exports to Japan



Source: Trade Data Online, Industry Canada

A regional breakdown shows that British Columbia is the source of more than 50% of Western Canada's exports. For the last two decades, Alberta averaged just below 20% of the exports of the four Western-most provinces to Japan. Figure 1.3, below, shows that the trends in export value and its share for Western Canada mirrors those for Canada as a whole, with a more dramatic decline in the market share of Western Canada, namely 11 percentage points, from 16% to 5%.

Figure 1.3: Western Canada's Exports to Japan



Source: Trade Data Online, Industry Canada

1.3 Alberta's Top Export Destinations

Total exports to Japan in 2010 amounted to almost $1.5 billion, slightly more than half of Alberta's exports to China and about 2% of those exported to the US. While in 1990 Japan absorbed 7.2% of Alberta's merchandise exports, Japan-destined Alberta exports were only 1.9% of the total in 2010. Table 1.1, below, summarizes the importance of Japan for Alberta exporters relative to other key export destinations. It is noteworthy that the growth in value of exports to Japan is very modest when compared to Alberta's other top export destinations, and consequently its share of exports has fallen the most drastically.

Table 1.1: Alberta's Top 10 Export Destinations (millions $CAD)

Country	1990		2000		2010		Growth 1990-2010	
	Value	Share	Value	Share	Value	Share	Value	Share
United States	11,720.7	75.2%	49,192.8	88.0%	67,828.6	86.2%	478.7%	14.6%
China	332.0	2.1%	779.4	1.4%	2,786.4	3.5%	739.4%	66.2%
Japan	**1,118.7**	**7.2%**	**1,353.9**	**2.4%**	**1,475.9**	**1.9%**	**31.9%**	**-73.9%**
Mexico	50.6	0.3%	355.8	0.6%	760.1	1.0%	1403.2%	197.7%
Korea, South	342.1	2.2%	598.5	1.1%	547.3	0.7%	60.0%	-68.3%
Netherlands	45.3	0.3%	116.9	0.2%	459.3	0.6%	913.9%	100.8%
Australia	89.6	0.6%	122.3	0.2%	293.4	0.4%	227.4%	-35.2%
Russia	0.0	0.0%	63.7	0.1%	293.3	0.4%	N/A	N/A
United Arab Emirates	3.8	0.0%	58.6	0.1%	216.0	0.3%	5546.1%	1018.2%
United Kingdom	76.6	0.5%	213.3	0.4%	183.9	0.2%	140.0%	-52.5%
Totals	**13,779.4**	**88.4%**	**52,855.3**	**94.6%**	**74,844.3**	**95.1%**	**443.2%**	**7.6%**

Source: Trade Data Online, Industry Canada. Ranking based on 2010 export values.

1.4 Alberta's Top 25 Exports to Japan and Export Composition

Table 1.2, below, provides more detail on the nature of the top 25 export products at the 2-digit level of detail. These cover 99.7% of the total of all Alberta exports destined for Japan. For 2010, Alberta's leading exports to Japan, at more than $250 million at the 2-digit level of product detail, were: Oil Seeds (HS 12), Meat and Edible Meat Offal (HS 02), and Mineral Fuels (HS 27), primarily coal.

Table 1.2 also shows that exports of Meat Products have grown very fast and are responsible for 75% of the export growth since 1990. Similarly exports of Woodpulp (HS 47) and Wood (HS 44) have grown significantly from 1990 to 2010, at 412% and 814% respectively. Those of Mineral Fuels like coking coal have decreased as the combined result of diminished demand and competition from other suppliers.

The description of the top 25 export products in Table 1.2 permits the inference that Alberta's exports to Japan are overwhelmingly resource-based and processed commodities (HS 1- 83). Manufactured products (HS 84-96) constituted only 0.71% of Alberta's top exports to Japan in 2010 and tended to be quite variable, as a glance at the 1990 and 2000 figures for these chapters suggest.

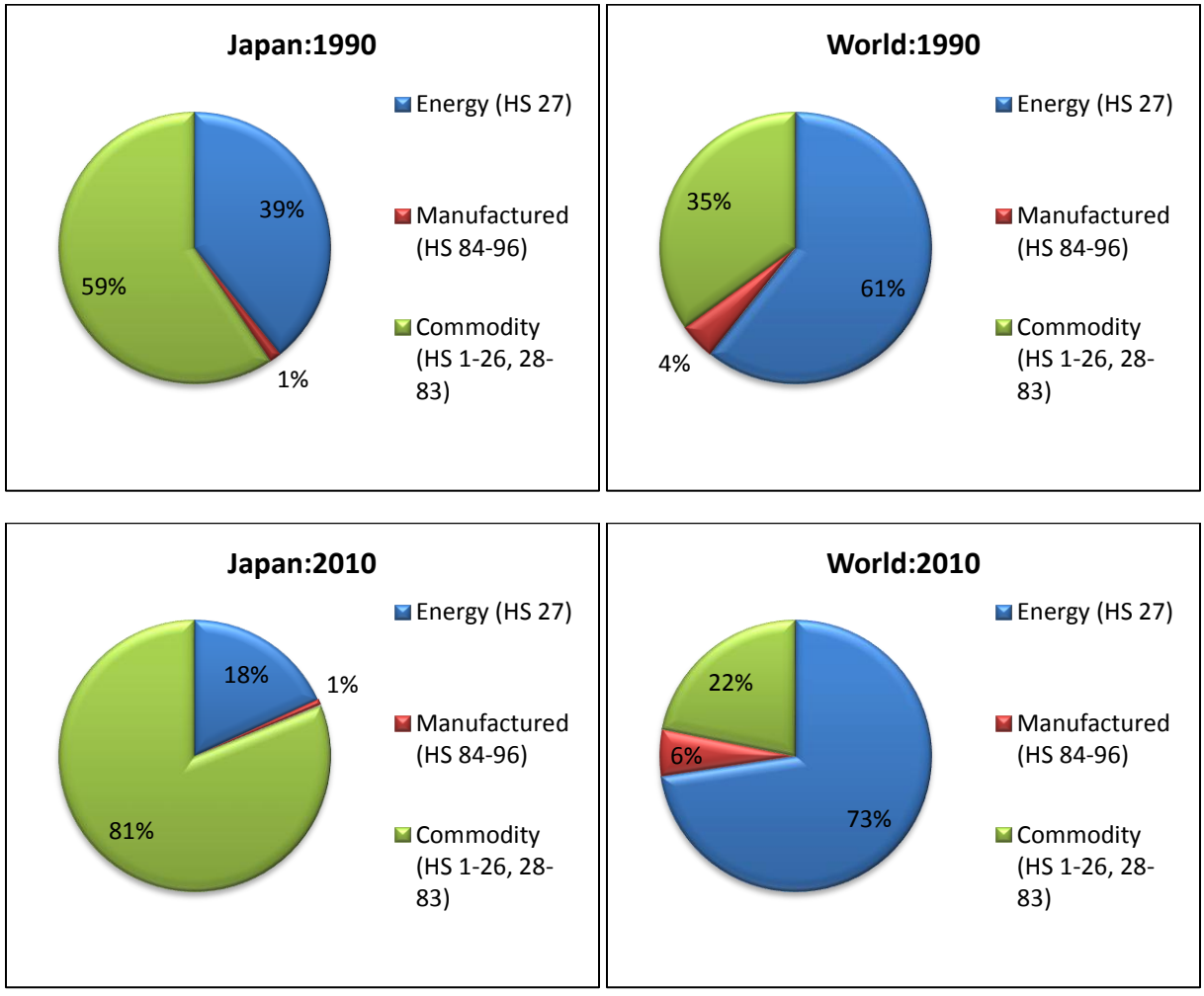
Table 1.2: Alberta's Top 25 Exports to Japan (millions $CAD)

HS	Description	1990		2008		2010		Export Growth 1990-2010	Export Growth 2008-2010	Contri-bution to Export Growth 1990-2010
		Export Value	Export Share	Export Value	Export Share	Export Value	Export Share			
12	Oil Seeds, Oleaginous Fruits	264.45	23.6%	587.83	28.8%	334.76	22.7%	26.6%	-43.1%	19.7%
02	Meat and Edible Meat Offal	21.31	1.9%	223.49	11.0%	288.48	19.5%	1253.6%	29.1%	74.8%
27	Mineral Fuels	380.03	34.0%	345.49	16.9%	268.07	18.2%	-29.5%	-22.4%	-31.3%
47	Woodpulp	29.68	2.7%	160.76	7.9%	151.82	10.3%	411.5%	-5.6%	34.2%
10	Cereals	162.46	14.5%	236.74	11.6%	99.45	6.7%	-38.8%	-58.0%	-17.6%
44	Wood	7.30	0.7%	27.74	1.4%	66.77	4.5%	814.4%	140.7%	16.6%
81	Base Metals, Cements	0.01	0.0%	192.41	9.4%	65.83	4.5%	1164762.5%	-65.8%	18.4%
75	Nickel and Articles Thereof	0.63	0.1%	49.42	2.4%	55.20	3.7%	8626.1%	11.7%	15.3%
11	Products of the Milling Industry	44.43	4.0%	72.85	3.6%	52.73	3.6%	18.7%	-27.6%	2.3%
20	Preparations of Vegetables, Fruit, Nuts	0.51	0.0%	30.35	1.5%	23.70	1.6%	4585.5%	-21.9%	6.5%
39	Plastics and Articles Thereof	2.69	0.2%	17.06	0.8%	20.56	1.4%	665.2%	20.5%	5.0%
01	Live Animals	0.73	0.1%	11.57	0.6%	9.28	0.6%	1162.7%	-19.8%	2.4%
04	Dairy Produce, Eggs, Honey	0.36	0.0%	3.95	0.2%	6.37	0.4%	1650.9%	61.3%	1.7%
28	Inorganic Chemicals	2.02	0.2%	20.67	1.0%	5.86	0.4%	189.9%	-71.6%	1.1%
85	Electrical or Electronic Machinery	0.82	0.1%	7.23	0.4%	3.73	0.3%	354.6%	-48.4%	0.8%
15	Fats, Oils, Waxes	0.88	0.1%	21.68	1.1%	3.12	0.2%	255.7%	-85.6%	0.6%
23	Residues/Waste from Food Industries	11.92	1.1%	1.51	0.1%	3.07	0.2%	-74.2%	103.5%	-2.5%
90	Scientific and Technical Instruments	6.98	0.6%	2.50	0.1%	2.96	0.2%	-57.6%	18.4%	-1.1%
84	Machinery	3.04	0.3%	10.45	0.5%	2.93	0.2%	-3.7%	-72.0%	0.0%
41	Raw Hides, Skins, and Leather	24.74	2.2%	4.70	0.2%	1.96	0.1%	-92.1%	-58.2%	-6.4%
21	Miscellaneous Edible Preparations	0.04	0.0%	2.28	0.1%	1.21	0.1%	2652.5%	-46.9%	0.3%
07	Edible Vegetables, Roots, Tubers	0.72	0.1%	0.60	0.0%	1.11	0.1%	55.2%	85.5%	0.1%
05	Animal Products	0.07	0.0%	0.84	0.0%	1.10	0.1%	1414.9%	31.0%	0.3%
94	Furniture	3.12	0.3%	0.04	0.0%	0.88	0.1%	-71.8%	2393.5%	-0.6%
22	Beverages, Spirits and Vinegar	0.98	0.1%	0.62	0.0%	0.88	0.1%	-9.9%	41.2%	0.0%
Total Top 25 Exports		**969.93**	**86.7%**	**2032.77**	**99.7%**	**1471.84**	**99.7%**	**51.7%**	**-27.6%**	**140.5%**
Total Exports		**1118.66**	**100.0%**	**2039.51**	**100.0%**	**1475.90**	**100.0%**	**31.9%**	**-27.6%**	**100.0%**

Source: Trade Data Online, Industry Canada

It is noteworthy that Alberta's export composition to Japan is quite different from the overall export composition of the province. This is due to the fact that so much Alberta's exports consist of energy exports in the form of oil and gas to the US. In 1990, 61% of provincial exports were energy products, almost all of it oil and gas to the U.S., and in 2010 that share had risen to 73%. By contrast, Japan absorbed only 39% in the form of energy products (coal) in 1990, while primary resource-based and commodity products constituted 59%. By 2010, the latter accounted for 81% and energy products (coal) a mere 18%. Given Japan's strong position as a manufacturing power, manufacturing exports from Alberta to Japan were less than a mere 1%, in both 1990 and in 2010. These findings are illustrated in Figure 1.4, below.

Figure 1.4: Alberta's Export Composition



Source: Trade Data Online, Industry Canada

2. Japan's Current Tariff Structure

Tariffs on imported products impede trade. In the extreme case, they are prohibitive of trade. Analysts are interested in whether tariffs merely restrict trade or whether existing tariffs are so high that Alberta-based exporters cannot compete with domestic producers or face competitors in the Japanese market who have preferred access as a result of a trade agreement or the Generalized System of Preferences (GSP) that applies lower rates of duty to imports from developing countries.

In this section, Japan's tariff structure will be reviewed from the perspective of Alberta exporters. First, the focus will be on the tariffs faced by Alberta's top 25 exports to Japan. The top 25 are defined at the 6-digit level of product detail, so that specific products rather than large product groups potentially facing diverse tariff lines are being examined. Readers can then judge the restrictiveness of Japan's tariffs on the key exports of the province. Second, the question will be raised whether products Alberta exports successfully to the EU might not find their way into Japan, and whether such lack of export success in Japan could possibly be due to prohibitive tariffs or non-trade barriers (NTBs).

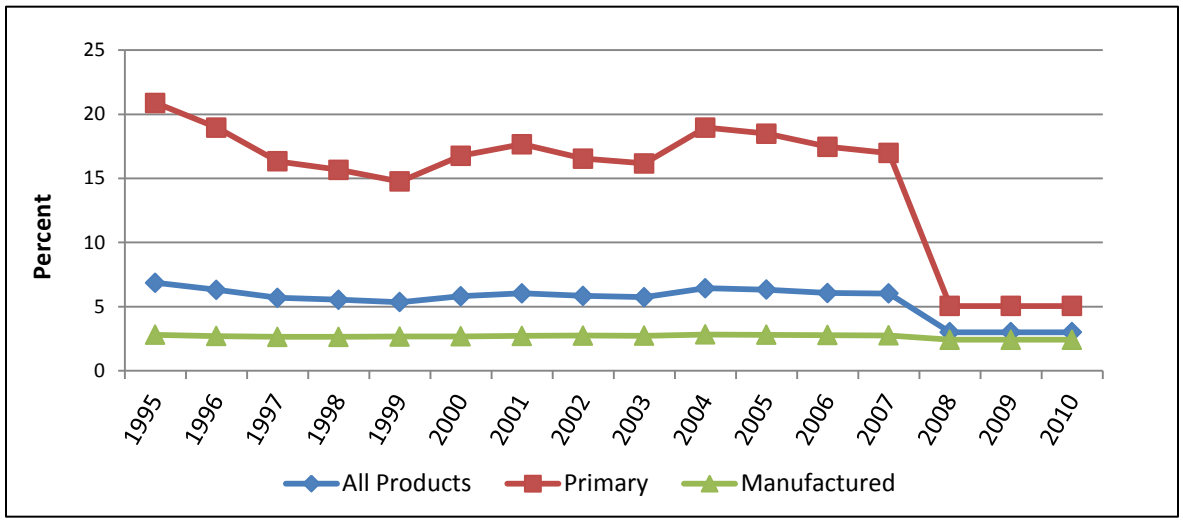
2.1 Japan's Tariff Structure

By way of introduction, Figure 2.1, below, presents an overview of Japan's average bound tariff rate. As is typical for developed economies, Japan's average tariff on manufactured products is less than 5%, in line with the EU and North America, with 100% binding coverage. Tariffs for primary products at 5% are higher, with 98.5% bound. Since 2008, the resulting overall bound average tariff rate is 3%. As of 2010, the simple average applied tariff varied little (0.4%) from the final bound rate. [7,8]

[7] World Bank. World Development Indicators Database.

[8] According to the WTO. (2011). World Trade Policy Review: Japan, the simple average of applied MFN tariff rate was 5.8% in 2010, while according to the World Development Indicators Database of the World Bank, this figure is 3.1%. This discrepancy is due to the method of calculation. The WTO uses an "HS subheading averaging method" that averages tariffs at the 6-digit level, whereas the World Bank averages tariffs at the tariff line level (6-8 digits). More methodological information is available at: http://tariffanalysis.wto.org/report/TariffAverages.aspx

Figure 2.1: Japan's Average Bound Tariff Rate



Source: World Development Indicators Database, World Bank. Average is simple mean of bound tariff rates.

Similar to Canada, Japan's tariff structure shows peaks of final bound duties on Dairy Products, averaging 133%. Other tariff peaks are found on Cereals and Preparations (76.6% average *ad valorem* equivalent), Sugars and Confectionary (46.2%), Beverages and Tobacco (16.4%), and Animal Products (13.4%). Tariffs range from zero to 648% (Oil Seeds, Fats, and Oils), and bound tariffs cover 99.7% of products at the HS 6-digit level (with at least one bound tariff line). Tariff Rate Quotas (TRQs), that is quantitative import limits beyond which higher tariff rates apply, exist for 9.5% of agricultural products. Special safeguard measures that protect domestic producers were in existence on 5.4% of agricultural products.[9] These TRQ and safeguard percentages reflect the number of 6-digit products among all agricultural product lines ("concessions") where either a quota or a safeguard is effective.

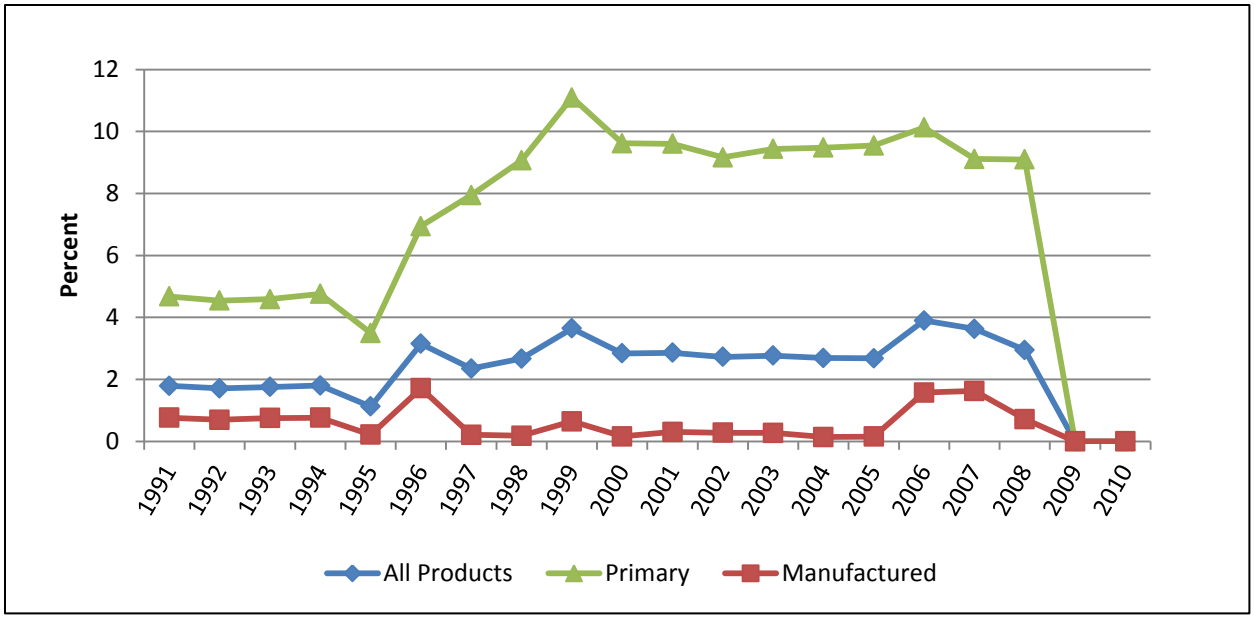
Until recently Japan's customs tariff regime was characterized by a significant percentage of tariff lines with specific per unit duties, e.g. per kg, or rates that combine *ad valorem* and per unit rates. The historical evolution of specific duties applied by Japan is summarized by Figure 2.2, below, and shows a dramatic drop towards zero in 2008 for the number of such products relative to the total of tariff lines. While the World Bank data underlying this figure show just about zero percent for 2009 and 2010, the WTO reports that 6.6% of Japan's tariff lines were non-*ad valorem* in nature, with 2.3% specific tariffs, 3.3% alternate

[9] International Trade Centre. (2010).

rates, 0.6% compound *ad-valorem* and specific rates, and 0.4% with differential and sliding rates of duty.[10]

Although the percentage of tariff lines with specific duty rates may be small, this does not change the fact that some products of interest to Alberta-based exporters are involved and that these still face hefty per unit tariffs. Subsequent analysis will return to this point.

Figure 2.2: Japan's Share of Tariffs with Specific Rates



Source: World Development Indicators Database, World Bank.

This background information regarding Japan's reliance on specific tariff rates will now be related to particular export interests of Alberta. Table 2.1, below, lists the province's top 25 exports to Japan at the 6-digit level of product detail, together with export values for 1990 and 2010, and the *ad valorem* or per unit tariff faced. In some instances, denoted by an asterisk, tariffs are applied at a more detailed product level than the available statistics on Alberta exports to Japan, hence no single tariff could be attributed to those 6-digit level products.

[10] WTO, 2011, pp.35-6; an alternate duty involves either an *ad valorem* or a specific rate, a compound duty is a combination of *ad valorem* and specific rates; and a differential duty refers to a specific rate charged per kg of imports, the rate varying with the difference between the standard import price set by the authorities, and the actual import price.

Table 2.1: Alberta's Top 25, 6-digit HS Exports and Corresponding Tariffs

HS	Description	1990 (millions $CAD)	2010 (millions $CAD)	Growth 1990-2010	Tariffs	
					Ad Valorem	Other
120510[1]	Canola Seeds	234.13	287.15	23%	0%	0
270112	Bituminous Coal	365.09	218.76	-40%	0%	0
020319	Fresh or Chilled Boneless Swine Cuts	0.02	118.62	699707%	*	*
020329	Frozen Boneless Swine Cuts	0.88	78.51	8778%	*	*
100190	Meslin and Wheat	92.66	77.91	-16%	0%	55yen/kg
470329	Non-coniferous Chemical Woodpulp	3.59	76.74	2037%	0%	0
440710	Coniferous Wood Lumber (>6mm thick)	4.00	65.95	1549%	*	*
810520[2]	Cobalt	0.01	65.79	1164184%	0%	0
470321	Coniferous Chemical Woodpulp	14.09	61.43	336%	0%	
110710	Unroasted Malt	43.56	52.42	20%	0%	21.3yen/kg
271311	Uncalcined Petroleum Coke	0.00	49.00	N/A	0%	0
121490	Swedes, Mangolds, Fodder Roots, Hay…	5.12	42.30	727%	0%	0
750210	Unwrought Nickel	0.00	37.58	N/A	0%	44yen/kg
020230	Frozen, Boneless Bovine Cuts	7.06	32.72	364%	50%	0
200410	Frozen Prepared/Preserved Potatoes	0.51	23.70	4585%	*	*
390190	Ethylene Polymers in Primary Forms	0.00	18.88	N/A	0%	0
750400	Powders and Flakes of Nickel	0.58	15.62	2600%	*	*
020500	Horse, Ass, Mule, or Hinny Meat	9.68	14.74	52%	0%	0
020130	Fresh or Chilled Boneless Bovine Cuts	0.79	14.46	1731%	50%	0
470500	Semi-chemical Woodpulp	11.95	13.65	14%	0%	0
100300	Barley	57.84	12.58	-78%	0%	39yen/kg
010190[3]	Live Horses, Asses, Mules, and Hinnies	0.00	9.28	N/A	*	*
020629	Frozen, Edible Bovine Offal	0.07	8.50	12364%	*	*
100110	Durum Wheat	3.82	7.26	90%	0%	55yen/kg
020621	Frozen Bovine Tongues and Edible Offal	0.85	6.56	671%	12.8%	0

Sources: Trade Data Online, Industry Canada; Tariff Analysis Online, WTO.
Notes: For products HS 100110, HS 100300, and HS 100190 tariff quotas are in place. The tariffs reported refer to out of quota duties.

[1] pre 2002, HS 120510 included in HS 120500; split into HS 120510 and HS 120590 in 2002. The average share of HS 120510 exports post 2001 is multiplied by HS 120500 exports in 1990 to obtain the 1990 figure for HS 120510 exports.

[2] pre 2002, HS 810520 included in HS 810510; split into HS 810520 and HS 810530 in 2002. The average share of HS 810520 exports post 2001 is multiplied by HS 810510 exports in 1990 to obtain the 1990 figure for HS 810510 exports.

[3] pre 2002, HS 010190 included in HS 010119 and HS 010120; after 2001, HS 010120 included in HS 010119 and HS 010110. 1990 export values for HS 010119 and HS 010120 are both zero.

* customs tariffs applied at a more detailed level than import statistics; tariff suffix is not in concordance with 8-digit HS products.

Canola Seed, Coal, Cobalt, Pulp, Petroleum Coke, Ethylene and similar industrial raw material inputs are generally duty free as could be expected of a manufacturing economy like Japan.[11] And also not unexpected are those instances in which exports face tariff quotas with per unit tariffs for out-of-quota imports. For Meslin and Wheat, Barley, and Durum Wheat, the tariff rates applied per kilogram to out-of-quota imports are significant, equivalent to at least $0.5/kg. These amounts can be expected to provide a substantial protective shield, driving up the prices of wheat-based products in Japan and limiting their consumption. In-quota tariffs for these products are generally, but not always, greater than zero, but less than the out-of-quota amounts listed in Table 2.1. For Durum Wheat and for Barley, the in-quota tariff lines are zero; for Meslin and Wheat, the in-quota tariff lines are 20% and 0% respectively.[12]

When analyzing the effect of tariff quotas, and corresponding in and out of quota tariffs, it is important to determine whether quotas are actually exceeded from year to year. Where a quota is not exceeded, out of quota tariffs are not applied and thus do not restrict imports. With this in mind, the annual quota for "Wheat, Meslin, Triticale and their process products" was never reached over the years 2005-08. But for "Barley and its processed products" the annual quota was exceeded by an average of roughly 100,000 tons per year over the period 2005-06, though in 2007 and 2008, the quotas were underutilized by roughly the same amount, on average.[13]

Japan also continues to restrict imports of certain manufactured wood products through tariff escalation, with tariffs that are progressively higher as the level of processing of wood products increases. Consequently higher tariffs exist for certain fabricated wood products than raw Lumber and Woodpulp. Elimination of this tariff regime has been a long-standing objective of the US government.[14] Considering Alberta is already a large producer and exporter of Wood and Woodpulp to Japan – in 2010 Japan was the second largest export destination for Wood (HS 44) and the third largest destination for Woodpulp (HS 47) – and exported $169M worth of Paper and Paperboard (HS 48) worldwide in 2010[15], the potential for expanded trade exists here.

In sum, Alberta's grain products face substantial tariffs in Japan. Fresh or Chilled Beef imports (HS 020130) face 50% tariffs. Generally, Meat (HS 02) faces non-tariff barriers and tariffs that are applied at a more detailed level with tariff suffixes not in concordance with 8-digit HS product descriptions.

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[11] Note: While Canola is an agricultural product, which are typically subject to import barriers in Japan, it also has numerous industrial uses, ranging from biofuels and plastics to cosmetics and printing ink.

[12] Quotas are based on descriptive categories that are not always in correspondence with the products or product groups of the HS-System. Sometimes they appear to encompass entire value chains, e.g. when reference is to "Barley and its processed products".

[13] WTO. (2011). p. 22 (Appendix).

[14] Office of the United States Trade Representative. (2011). p. 197.

[15] Trade Data Online; Industry Canada.

To provide some further insight regarding this last point, Table 2.2, below, shows the tariff treatment of Fresh or Chilled Boneless Pork (HS 020319) and Frozen Pork (020329) imports. The table focuses on the suffixes that are applied by Japan at the 6-digit product level. Immediately noticeable is the high per kg tariff levied on cheap pork imports (of "not more than 482 Yen/kg"-value). As this specific Yen duty amounts to roughly $5.00, its trade impeding impact should be obvious to even a casual shopper.

Table 2.2: Tariff Rates Applied by Japan at the 8-digit HS level

HS 6-digit	Tariff Suffix	Description	AV	Other
020319	00	Fresh or Chilled Boneless Swine Cuts, Other:	-	-
020319	01	Of wild boars	0%	0
020319	03	Not more than 738 yen/kg	0%	482yen/kg
020319	04	Other	4.3%	0
020329	00	Frozen Boneless Swine Cuts, Other:	-	-
020329	01	Of wild boars	0%	0
020329	03	Not more than 738 yen/kg	0%	482yen/kg
020329	04	Other	4.3%	0
020629	00	Frozen Edible Bovine Offal, Other:	-	-
020629	01	Cheek meat and head meat	50%	0
020629	03	Internal organs	12.8%	0
020629	04	Other	21.3%	0
200410	00	Frozen Prepared Potatoes:	-	-
200410	01	Cooked, not otherwise prepared	8.5%	0
200410	03	Mashed potatoes	13.6%	0
200410	04	Other	9%	0
440710	00	Coniferous Wood Lumber:	-	-
440710	02	Planed or sanded	4.8%	0
440710	03	Other	4.8%	0
440710	04	Of genus Larix, not more than 160 mm in thickness	6%	0
440710	06	Of incense cedar	0%	0
440710	07	Other	0%	0
750400	00	Nickel Powders and Flakes:	-	-
750400	01	Intended for use in specific manufacturing of getters for vacuum tubes, alkaline accumulators or welding fluxes or in powder metallurgy	0%	0
750400	03	Of nickel, not alloyed	0%	41yen/kg
750400	04	Other	3%	0

Source: Tariff Analysis Online, WTO.
Notes: The HS is uniform to the 6-digit level. Tariff suffixes applied by Japan for 8-digit classifications are not in concordance with the 8-digit export classifications applied by Canada. The tariff suffix "00" refers to the principal product, for which no 6-digit tariff exists, and thus an analysis of 8-digit products is necessary.
* customs tariffs applied at a more detailed level that import statistics; tariff suffix is not in concordance with 8-digit HS products.

The other details in Table 2.2 show similar instances of non-concordant suffixes to the 6-digit HS classifications for Beef, Potatoes, and Lumber, all of which had been shown to be among Alberta's major exports to Japan (see Table 1.2 and Table 2.1).

2.2 Are Japan's Tariffs Too High? An Alberta Perspective

In order to address the question of how Japan's tariffs affect Alberta's exports, a very simple comparison of exports to two destinations, the EU and Japan, was made.

Table 2.3: Alberta's Top Exports to the EU but not Japan

HS	Description	1990	2010	Growth 1990-2010	Japan's Tariffs	
					Ad Valorem	Other
271019[1]	Petroleum Oils	0.03	65.61	2504.3%	*	*
841121	Turbo-Propellers	0.09	34.22	384.1%	0%	0
230910	Retail Dog or Cat Food	0.00	29.76	N/A	*	*
843143	Parts of Boring/Sinking Machinery	2.12	18.89	7.9%	0%	0
280300	Carbon	7.72	17.31	1.2%	4%	0
848180	Taps, Cocks, Valves	0.46	16.00	33.4%	0%	0
382490[2]	Chemical Products	0.00	15.71	N/A	*	*
381519	Supported Catalysts	0.00	15.29	N/A	*	*
902710	Gas or Smoke Analysis Apparatus	0.30	11.47	36.9%	0%	0
903190	Parts for Measuring/Checking Instruments	0.02	10.74	438.1%	0%	0
220720	Ethyl Alcohol and other Spirits	0.00	9.34	N/A	*	*
852691	Radio Navigational Aid Apparatus	0.02	9.02	534.0%	0%	0
732690	Articles of Iron and Steel	0.07	9.01	134.5%	0%	0
300590	Dressings Without an Adhesive Layer	0.01	8.91	778.1%	0%	0

Sources: Trade Data Online, Industry Canada; Tariff Analysis Online, WTO.

Notes: No tariff rate quotas are in place for these products.

[1] Pre 2002, HS 271019 included in HS 271000; split into HS 271011-271099 in 2002. The average share of HS 271019 exports post 2002 is multiplied by the HS 271000 value for 1990 to obtain the 1990 figure for HS 271019 exports.

[2] Pre 2002, HS 382490 included in HS382390; split into HS 382471 and HS382479 in 2002. Exports of 382390 were zero in 1990.

Table 2.3, below, shows products at the 6-digit HS-level that are among Alberta's top 25 exports to the EU, yet do not show up among the province's top 25 exports to Japan. Among these are exports of Retail Dog or Cat Food, HS 230910, and of Ethyl Alcohol and Other Spirits, HS 220720. The asterisks in the Table indicate that the product in question faces a specific tariff or a combination of special levies in Japan. For example , at the 8-digit level (once tariff suffixes are applied), Retail Dog or Cat Food "containing not less than 10 % of lactose by weight" is subject to a tariff of 59.5yen/kg plus 6 yen/ every 1% of lactose, by weight, in excess of 10%, while such imports classified as O" face a specific tariff of 36yen/kg. As regards Ethyl Alcohol and Other Spirits, those "of an alcoholic strength by volume of 90 % or higher" are subject to an ad valorem tariff of 27.2%, while a tariff of 38.1yen/litre is imposed on those categorized as "Other." The point is that, on this "scratching of the surface", an explanation of different Alberta export flows to the EU and Japan may lie in the fact that Japan applies significant specific duties on some of the product categories in Table 2.3, suggesting that a closer look at Japan's specific tariffs as well as its non-tariff barriers (NTBs) is necessary to understand the existing export pattern and possible future market gains from trade liberalization.

3. Japan's Non-Tariff Barriers to Trade

There is a wide range of NTBs that will be reviewed in this.[16] Japan's NTBs include import quotas, state trading, special safeguards, non-transparent distribution arrangements, arbitrary and inconsistent interpretation of regulations, unnecessary testing requirements, high inspection fees, limited recognition of foreign test data, and production subsidies. In a report prepared for the Australian DFAT (2005, the *ad valorem* equivalent of these measures was judged to be substantial.[17] For Wheat, it was estimated to be 83%[18] (USDA, 2004), while in 2004 the OECD estimated the total *ad valorem* equivalent to be 106%, including tariffs.[19]

Our review will be organized with a focus on the actual or potential export product affected by the NTBs, rather than the type of barrier. This allows the focus to be more squarely on the products that are of interest to Alberta-based exporters. While emphasis will be placed on agricultural NTBs and safeguard measures, obstacles to exports of Iron, Steel, and Metal Products, as well as Wood Products, are included here because these are also products that Alberta is known to export.

A key source for this review is a report prepared for the EU by the consultancy Copenhagen Economics, delivered in 2009, called "Assessment of Barriers to Trade and Investment between the EU and Japan". This document, in turn, is based on several sources: (i) interviews done by the European Business Council's Japan Section; (ii) the European Commission's "EU Proposals for Regulatory Reform in Japan" (2007 and 2008); (iii) the US Department of State's "Annual Reform Recommendations under the US-Japan Regulatory Reform and Competition Policy Initiative" (2008); and (iv) the WTO's "Trade Policy Review: Japan" (2007).

3.1 Wheat, Barley, and Crop Imports: State Trading, Food Additives, Standards, and Testing

State trading exists, among other products, for staple foods such as Wheat and Barley, in order to stabilize supply and demand, and hence prices. However, due to the mark-up imposed by the government on these products when sold to millers and processors, domestic prices are consistently well above world prices.[20] This price markup makes imports less attractive, and acts similar to a tariff.

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[16] The WTO publishes a Multi-Agency Classification of NTBs that follows the alphabet from A to P, i.e. it lists 16 different major types, from Sanitary and Phytosanitary Measures (A), via Technical Barriers to Trade (B), all the way to Export Related Measures (P), each with detailed sub-categories. A table in Appendix 3.1 of this section shows the headings of each of these types of NTBs WTO.

[17] Centre for International Economics, Canberra and Sydney. (2005).

[18] *Ibid.* p. 80. Citing a 2004 study by the USDA.

[19] *Ibid.* pg 81. Data gathered from OECD Database.

[20] WTO. (2011). p. 48.

Wheat and Barley are also among the most heavily subsidized commodities in Japan, either through price support, under which the government intervenes in the wholesale market to stabilize prices, or direct payments to farmers. In 2007, the price support schemes for Wheat, Potatoes and Sugar Beets were converted into direct payments to domestic producers based on historical yield reference amounts.[21] In 2008, Japan undertook also special safeguard measures (SSG), authorized under the Temporary Customs Tariff Measures Law, affecting, among other products, Barley.[22]

The US Trade Representative (USTR) has identified as NTBs Japan's standards for organic crop imports, safe food additives, and testing regimes for pre- and post-harvest pesticides. Accordingly, the USTR calls for Japan to "…[allow] the use of …internationally approved production substances on organic crops and [lift] the overly strict zero residue requirement;" and "[implement] a Maximum Residue Limits regime that is not more trade-restrictive than necessary and that treats imports consistently with treatment of domestic products."[23] Furthermore, genetically modified (GM) food is regulated under the Food and Sanitation Law and the Law Concerning Standardization and Proper Labeling of Agriculture and Forestry Products (JAS). Mandatory labeling is required for seven crops including Canola Seed and Potatoes, two of Alberta's top exports to Japan. Imports of GMOs that do not meet safety requirements are banned.[24]

3.2 Meat Imports: Safeguards and Other NTB's

The Japanese government continues to subsidize producers of beef and pork through price support schemes. When the wholesale price falls below the "lower stabilization price", the Agriculture and Livestock Industries Corporation buys from the wholesale market, and conversely it sells to that market when prices exceed the "upper stabilization price."[25] Subsidizing local producers gives them a competitive advantage over Alberta's pork and beef exporters, and may function to reduce Japan's imports of these products from Alberta.

Further, with respect to Pork, the practice of maintaining a gate-price and a safeguard mechanism dating from the Uruguay Round constitutes an NTB. The gate-price is automatically raised when imports are >119% of the average quantity imported during the corresponding period in the previous three years.[26] A 4.3% *ad valorem* duty is also implemented when the value of imports exceeds the administratively determined reference price and, conversely, when the

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[21] *Ibid*. p. 82.

[22] *Ibid*.p. 80.

[23] US Department of State. (2008). p.294.

[24] WTO. (2011). p. 56.

[25] WTO. (2011). p. 82.

[26] US Department of State. (2008). p.300.

import value is less than the reference price, a duty equal to the difference between the two is applied.[27]

As regards Beef, there is also a safeguard measure in place. It is triggered in the event that import growth exceeds 17% relative to the previous fiscal year's level. In that case, Beef import tariffs, already high, rise to 50% for the remainder of the fiscal year. The USTR also finds a labeling requirement for Beef import-impeding. "Wagyu" beef, ostensibly a voluntary labeling standard, cannot be applied to beef not born and raised in Japan, and hence is viewed as an NTB.[28] Furthermore, while exports of Beef from Canada have been allowed since 2005,such exports are only allowed on the condition that "specified risk material" (includes among other things brains, eyes, and spinal cords) is removed and that all beef products come from cattle of 20 months of age or younger.[29]

The USTR also complains that Japan does not apply science-based standards in accordance with World Organization for Animal Health (OIE) protocols on meat imports.[30]

3.3 Food and Animal Product Imports: Standards as NTBs

a) Product Approvals

Approvals for and registration of imported food and animal products involve three bodies in Japan: The Ministry of Agriculture, Forestry and Fishery (MAFF), the Food Services Commission (FSC), and the Ministry of Health, Labor and Welfare (MHLW). Proper coordination between them is lacking, resulting in a time-consuming review process as domestic standards deviate from the international ones.[31] This entails duplication of animal studies where similar ones already exist in other countries. MAFF is said to insist on full translation into Japanese of existing technical reports instead of accepting summaries in English.[32]

b) Seed-lot System and National Assay of Vaccines

Unnecessary requirements exist for the master seed safety study, beyond the framework of the internationally harmonized guidelines: an inactivation test with a finished vaccine is required only for imported inactivated products, but NOT for similar domestically produced inactivated vaccines.[33] Thus a delay

[27] USTR. (2011). p. 196.

[28] US Department of State. (2008). p. 304.

[29] WTO. (2011). p. 54

[30] US Department of State. (2008). p. 301.

[31] European Business Council. (2008). p. 53; US Department of State. (2011). p. 303.

[32] *Ibid.* p. 53.

[33] *Ibid.* p. 53.

results and a technically difficult test limits the availability of inactivated imported vaccines to domestic animal producers.

c) Listing Requirement for Additives

Imported feed additives, like antibiotics and others, must have their compounds listed.[34] This listing system allows domestic imitators to produce generic products, hence a free ride, supplanting imports. Whether it is an IPR issue or an NTB issue, there is an impact on imported feed additives from Japan's regulatory system.

3.4 Food Products for Human Consumption

a) Food Additives

Japan prohibits food additives that are found safe by international bodies such as the FAO/WHO's Joint Expert Committee on Food Additives (JECFA). Six hundred substances that were found safe are not allowed into Japan. The EU has established a priority list containing 46 additives, a number of which have since been approved by Japan, but the EU notes slow progress as a major source of concern, and an import barrier for food products.[35]

b) Differences in Standards

Japan's SPS regulations in regards to classifying ready to eat food products deviate from international and scientifically recognized standards.[36] While the international standard distinguishes between food that does support the growth of listeria monocytogens and food that does not, Japan's does not make this distinction. This deviation of Japan's SPS-regulations has been acting as an NTB. Moreover, apparently no cost-benefit analysis underlies many of its inconsistent SPS-standards.[37]

Even when Japan grants the EU equivalency of imported organic products that adhere to EU legislation, there may be incomplete access to Japan's market because the official Japanese logo is not available to the imported organic products.

c) Categorization of Alcoholic Beverages

Product definitions for alcoholic beverages in Japan are not in conformity with international practices which rely on production methods and geographical indications. Many "whiskey"- and "liqueur"- products of Japan would not qualify as such in Europe. 'Shochu' and 'Sake' are not subject to the same taxes as

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[34] European Commission. (2008). pp. 87-8.

[35] European Business Council. p. 73.

[36] *Ibid*. (2008). p. 73-4.

[37] WTO. (2011). p. 31.

imported whiskey, liqueur, and cognac, resulting in discriminatory taxation of imported products.[38]

d) Labeling and Re-Labeling Requirements

Food labeling is subject to JAS Law and the Food Sanitation Law. Cross-category quality labeling is required for fresh, processed, and genetically modified food. Fresh food must be labeled with place of origin, while processed food must be labeled with the name of the product, a list of ingredients, net content, the date of minimum durability or use-by date, instructions for storage, the name and address of manufacturer, and country of origin.[39] Furthermore, in its system of 'best-before-date' labeling, Japan requires re-labeling of the DDMMYY to YYMMDD on imported products, a costly and inefficient procedure compared to the inclusion of a clear explanation of the chosen approach. This increases certain exporters' costs and acts as an NTB.[40]

3.5 Imports of Perishable Edibles: Capacity Constraints of Cooling Facilities at Narita Airport

The average time between the arrival of goods and the granting of import permission was 62.4 hours, as of 2009.[41] A lack of adequate cooling facilities at the Narita and Tokyo International Airports hampers the import of fresh flowers, vegetables, and chilled products. The European Business Council (EBC) reports that to date no progress has been made regarding better accommodation of imported perishables in the face of their growth.[42] Importers of perishables are reportedly often denied access to the limited facilities of the Japanese Airlines (JAL) warehouse and the International Air Cargo Terminal, to the detriment of trade. Consequently the EBC has called for remedying the situation by boosting, among other things, the relevant capacity of bonded warehouses by means of additional insulation and maximizing the number of boxes per pallet when cargo is transported in the area during peak times. While it is not readily possible to ascertain whether this situation persists, capacity constraints of cooling facilities at the key airport will act to deter imports of high quality meat and seafood products from Canada.

3.6 Plant Imports: Quarantine Regulations

The EBC further identified plant quarantine regulations in Japan as a key NTB. While the number of insects that are on Japan's non-quarantine list has been increased in recent years, there is apparently still a need to increase the

[38] European Business Council. (2008). p. 69.

[39] WTO. (2011). p. 55-56.

[40] European Business Council. (2008). P. 74.

[41] WTO. (2011). p. 32.

[42] European Business Council. (2008). P. 67.

ability of the Plant Quarantine Office to identify these insects.[43] At the time of the EBC report, only adult insects and male mites were identifiable. This resulted in unwarranted fumigations of shipments that contained female and unidentified insects that would otherwise not have been subject to fumigation. In this respect, Japan's plant quarantine regulations were found out of line with the GATT's Sanitary and Phyto-sanitary (SPS) chapter. Moreover, fumigation costs in Japan were found to be five times higher than at airports with similar restrictions, a fact that is attributable to a lack of competition in the industry. The extra costs and time delays from unwarranted fumigations impeded imports of cut flowers from the EU. It is therefore conceivable that high-value air-freighted plant exports from Canada are also adversely affected. The regulations also show zero-tolerance for insects that are very common in Japan, which would make them trade-impeding.

3.7 Iron and Steel Products

Importing a number of iron and steel products duty free from developing countries under the System of Generalized Preferences (GSP-origin) results in Japan relying heavily on Chinese imports of certain iron and steel products such as fused aluminum oxide, silicon carbide, and manganous manganic oxide. In this context, the EU notes that Japan's customs offices apply arbitrary tariff classifications and revisions thereof, without an appeal mechanism for challenging their rulings. Sudden reviews, despite well-established precedents, were found irritating by EU exporters.[44] Nonetheless, 96% of Japanese Industrial Standards (JIS) are aligned with international practices.[45]

3.8 Wood Product Imports: Standards

The EU has identified as a regulatory obstacle-type NTB Japan's documentation and data requirements for applications to become a Japan Agricultural Standard (JAS)-Registered Certification Organization. The EU, therefore calls for internationally accepted data, such as ISO-accreditation data, and documentation in English to be accepted by Japan. Testing of secondary wood-based products, like flooring, doors, and windows imported for use in multi-storey buildings is identified as a need for a joint working group to work out the methods to be used by Japan. The implication here is that the current method of testing such products for certification acts as an NTB. The EU also suggests that Japan acts arbitrarily in defining tree- and timber species for meeting the JAS- glulam standard.[46] A case in point was the lack of recognition of European White Spruce (*picea abies*) as a separate timber species.

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[43] *Ibid*. p. 67.

[44] European Commission.(2008).p.89.

[45] WTO. (2011). p.31.

[46] European Commission. (2008). pp. 84-5.

3.9 Government Procurement

According to the WTO, Japan spends almost 17% of its GDP on government procurement and is party to the WTO's Agreement on Government Procurement (GPA). There appear to be no restrictions on suppliers' nationality or preferences to domestic suppliers. However, government procurement is alleged to be used as an instrument of industrial policy for some sectors, including Wood and Wood Products. In 2010, the government set a target of meeting 50% of domestic wood demand from domestic sources, promoting the use of wood in the construction of public buildings.[47]

Interestingly, there are a number of products of which Alberta is a large international exporter and Japanese government procurement of is substantial, yet the foreign share of supply is minimal. These products include Wood/Paper and Paperboard (HS 44 and 48), Electrical Machinery (HS 85), Furniture (HS 94), and Precision and Scientific Instruments (HS 90), for which the foreign shares in procurement are 0.2%, 0.8%, 0%, and 14.1%, respectively.[48] Since these product categories belong to Alberta's export strengths, we find the low import penetration in procurement contracts worth noting.

3.10 Evaluation of Japan's NTBs

Inferences about the impact of Japan's NTBs can be drawn only indirectly. The fact that 17 of Alberta's top export products face NTBs can be interpreted as indicating that these NTBs do not have a prohibitive effect on trade. Yet without a detailed analysis based on elasticities of demand the market opportunities lost to NTBs cannot be properly evaluated.

Table 3.1 summarizes the nature and extent of NTBs faced by Alberta's exporters of key agricultural products. The table does convey the impression that these NTBs must constrain Alberta's market share of these products in Japan, an impression that is confirmed by the increased market share Mexico attained in beef and pork products after implementing an EPA with Japan. While this point will be further elaborated in the following section, it makes it clear that market share will have to be conquered from competition who gained earlier preferential access.

[47] WTO. (2011). p. 45.

[48] *Ibid.*p.46.

Table 3.1: Summary of NTBs for Some of Alberta's Principal Exports to Japan

Products	NTBs
Wheat and Barley	• Safeguard measures – TRQ acts as safeguard • State Trading – the MAFF is responsible for all purchases within TRQs and sells to domestic millers and processors in order to stabilize prices. • Subsidies – in 2007 the price support scheme for wheat was converted into a direct payment scheme. • Quarantine regulations – out of line with the GATT's SPS Chapter • Products approvals – a lack of coordination between the three ministries involved (FSC, MHLW, MAFF) results in consuming review processes. The MAFF allegedly insists on full translation of technical reports. • Prohibition of additives internationally recognized as safe. • Listing requirements for additives. • Prohibition of GM food that do not meet safety requirements. • SPS regulations inconsistent or excessive and allegedly without cost-benefit analyses.
Frozen or Chilled Pork and Beef	• Gate price system for pork – 4.3% *ad valorem* tariff applied if import value is equal or higher than administratively established reference price. If the import value less than the reference price, then a duty equal to the difference is instituted. • Subsidies – price support systems in place for pork and beef. • Safeguard measures – the gate price for pork is raised when imports are 119% greater than the average quantity imported during the corresponding period over the previous three years. For beef, the tariff rate increases from 38.5% to the bound maximum of 50% for the rest of the year if import growth exceeds 17% relative to previous fiscal year's level • Products approvals – a lack of coordination between the three ministries involved (FSC, MHLW, MAFF) results in consuming review processes and duplication of animal studies. MAFF allegedly insists on full translation of technical reports. • Prohibition of additives internationally recognized as safe. • Listing requirements for additives. • SPS regulations inconsistent or excessive and allegedly without cost-benefit analyses.
Wood	• Government Procurement – allegedly used as an instrument of industrial policy. In 2010 the Japan government set a target of meeting 50% of domestic demand with domestic supply.

4. Lessons Learned from Japan's FTAs and EPAs

It is of interest to determine what has been the experience of other countries or regions that have concluded Economic Partnership Agreements (EPAs) or Free Trade Agreements (FTAs) with Japan. [49] A survey of the relevant literature shows that 11 such agreements are currently effective. These are summarized in Table 4.1, below. It is evident from this table that most are of very recent vintage.

Table 4.1: Countries and Regions with EPAs or FTAs with Japan

FTA Partner	Effective	Total Import Growth Since Effective Date*	Regional Import Growth Since Effective Date**	FTA Partner Growth Since Effective Date
Singapore	November 2002	37.0%	30.4%	13.7%
Mexico	March 2005	6.7%	40.6%	8.9%
Malaysia	July 2006	-16.9%	-13.6%	-2.9%
Chile	September 2007	-23.0%	-13.2%	-17.3%
Thailand	November 2007	-23.0%	-20.1%	-14.5%
Indonesia	July 2008	18.0%	21.7%	21.5%
Brunei	July 2008	18.0%	21.7%	15.7%
Philippines	December 2008	18.0%	21.7%	16.1%
ASEAN***	December 2008	18.0%	21.7%	N/A
Switzerland	September 2009	Not available	Not available	Not available
Vietnam	October 2009	Not Available	Not Available	Not Available

Source: Ministry of Finance; Trade Statistics of Japan.

* Date rounded to beginning of nearest year. Growth rates from this year to end of 2010.

** Regions are ASEAN and Central/South America, accordingly.

***Negotiations with Korea were broken off in 2004.

[49] As mentioned in the introduction to this report, there is little difference between FTAs and EPAs, the latter being Japan's preferred term.

4.1 Japan's FTA Strategy

Japan is a late-comer to bilateral or regional free trade. It did not have a single FTA in place until its agreement with Singapore took effect in 2002. Rather, its governments had relied heavily on the multilateral process of the WTO. Only when bilateral deals proliferated elsewhere did Japan begin to develop a defensive strategy to ensure access to markets on competitive terms. After Mexico had concluded the NAFTA and a similar agreement with the EU, Japan saw the threat to its firms: Mexico's tariffs averaged 16.2% at the time, and access to government procurement contracts was seriously threatened. The motivation for its 2005 bilateral agreement with Mexico was, therefore, purely defensive. Similarly, when the ASEAN agreement included cumulative rules of origin, these threatened the exports of Japanese car makers from Thailand to Indonesia, inasmuch as they contained parts made in Japan that would have precluded preferential treatment. Japan's 2007 agreement with ASEAN served to address that threat. By contrast, the agreements with Chile and Indonesia, and the current negotiations with Australia, appear aimed at procuring natural resources on predictable and favorable terms.

In light of the fact that EPAs tend to involve a phase-in of trade liberalization, agreements that have not been in effect longer than five years are unlikely to show much effect on trade flows. It is also methodologically very difficult to address the question of what trade flows would have been the in the absence of an FTA. Nevertheless, several studies have attempted to analyze the effects of the earlier Japanese FTAs, both for predictive purposes and for after the fact evaluation. Not surprisingly, these analyses have been done by Japanese researchers, and mostly for purposes of estimating the likely effects on GDP and various industries if agreements were concluded.

As Ando and Urata (2011) relate, Japan has struck Economic Partnership Agreements (EPAs) rather than plain FTAs. The former extend to foreign direct investment (FDI), as well as to human resource development, technological cooperation and government procurement. They have allowed Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) to prevail against more liberal ministries in the formulation of trade strategy. By offering technology in lieu of more liberal access to its market, agricultural protection could thus be largely continued by Japan under its EPAs.

Agriculture, to wit dairy and poultry in Canada, can be a sensitive issue. Farmers in Japan, especially those producing rice, wield a disproportionate amount of political influence, and this fact, combined with concern over security of supply, has thus far resulted in substantial protection of agriculture in Japan. Agriculture represented only 1.1% of Japan's GDP over the period 2007-09,[50] but employed almost 4% of its work force, [51] and the OECD estimates that, as of 2009, farmers' income in Japan receives 48% protection versus a 22% average for the

[50] OECD. (2010). p. 54.

[51] Ministry of Internal Affairs and Communications.

OECD countries.[52] The WTO further reports, based on 2008 statistics, that agricultural products in Japan faced an average tariff of 23.6%, but NTBs and tariffs combined provided *ad valorem* equivalent tariff peaks of 778% for rice, 252% for wheat, 256% for barley, 218% for dairy products, 50% for beef, 1706% for konnyaku potatoes, and 120-380% for pork.[53]

The strong protectionist attitude of MAFF is evident in Japan's EPAs. As Cheong and Cho (2010) report[54], generally Japan's EPAs are characterized by a lower level of liberalization than those of other countries, especially in regards to agriculture. This is accentuated by the fact that Japan excluded agriculture from the Singapore EPA despite the absence of any imports of agricultural products from Singapore. All its EPAs tend to exclude most agricultural products, fish and fish products, petroleum oils (except crude), leather, footwear, and leather products.[55]

As a result, pessimism is warranted regarding the prospects for freer trade with Japan in those agricultural products that Alberta exports successfully to Japan and elsewhere. Nevertheless, a strong position by the Government of Canada is warranted regarding market access for Alberta's beef, pork, barley, and wheat. Of course, Canada's practices in the supply management of dairy and poultry do not make that an easy task!

Overall, Japan's EPAs cover 91-99.9% of bilateral trade, and 81.2-82.3% of tariff lines are duty-free. Furthermore, the difference between the simple average tariff applicable to MFN countries, 5.8%, and the corresponding rate applied under EPAs and the GSP, 2.9-3.4%, is noteworthy. It summarizes the price-competitiveness that can be gained from freer trade. However, some WTO members have been critical of Japan's EPAs, for the fact that Japan obtained longer implementation periods than some developing country partners, like the Philippines and Brunei.[56]

4.2 Estimates of the Effects of Japan's EPAs

Several methodologies have been employed to arrive at estimates of the effects of Japan's EPAs. Ando (2007) compared trade and investment levels and growth rates before and after the agreements with Singapore and Mexico. He found significant increases in trade with Singapore between 2002 and 2005, and a jump in the growth of trade with Mexico from a 13.5% average for 1996-04 to

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[52] OECD. (2010). pp. 5, 54.

[53] Honma. (2010). Quoted by Urata. (2010). p. 10. Earlier in the report, the *ad valorem* equivalent of NTBs was calculated to be 83% for wheat in a report prepared for the Australian DFAT by the Centre for International Economics, Canberra and Sydney (2005). While the figures are based on different years, this discrepancy highlights some of the methodological differences in calculating *ad valorem* equivalents of NTBs. Suffice to say, *ad valorem* equivalents of NTBs for many agricultural products are very high.

[54] Quoted by Urata (2010). p.13.

[55] WTO. (2011). p. 18.

[56] WTO. (2011). pp. 18-9.

24.1% in 2005. Japan increased its FDI in Singapore by 550% between 2002 and 2003, and its FDI in Mexico grew from $20 billion in 2004 to $69 billion in 2005.[57]

Another simple method of analysis is to compare the growth rates of total Japanese imports as a whole to those from EPA partners and their respective regions. This has been undertaken in Table 4.1, which suggests that only Malaysia and Thailand have benefitted from their EPAs with Japan, at least in relation to the growth of total Japanese imports and Japanese imports from the relevant region. While growth rates of exports from Mexico and Chile, post EPA, have exceeded the growth of total Japanese imports, they have been exceeded by the growth of exports from Central and South America as a region. Of course, a comparison of pre- and post-EPA growth rates would be more illustrative of the effects of EPAs, an analysis is plagued by the recent recession and the short life span of Japan's EPAs. Furthermore, this approach is linked only casually to the EPAs, and is thus ad hoc in nature.

At the product level, particularly as regards to pork and beef, the EPA between Mexico and Japan may provide insight into how an EPA between Alberta and Japan could unfold. As noted above, Japan has demonstrated an unwillingness to make concessions regarding certain agricultural products. Under the Japan-Mexico EPA, however, concessions were made for pork and beef. While certain products were excluded, either an immediate elimination of tariffs, an introduction of an import tariff quota, or the implementation of phasing out of tariffs over four to eight years occurred for many beef and pork products. Specifically, for Pork that is Fresh, Chilled or Frozen (HS 0203) the *ad valorem* tariff of 4.3%, where applicable,[58] was immediately reduced to 2.2% under the EPA. Where the existing specific duty of 482yen/kg was applicable, a complicated tariff quota combined with a price differential tariff was implemented.[59] From 2004-2008, exports of HS 0203 products from Mexico increased 60% in value, while the quantity of exports increased 73%. Mexico's share of Japan's pork HS 0203 imports also increased from 4% to 7%. Thus, Mexico's exports to Japan of HS 0203 products increased both absolutely and relatively.

One must note, however, that Prepared or Preserved Pork (HS 160242 and 160249) was excluded from the EPA, and exports increased 318% in value and 423% in quantity between 2004 and 2008. Since any preferential treatment of these products under the EPA cannot be the source of the surge in such exports from Mexico to Japan, one must be cautious in pointing to the EPA as the reason behind Mexico increased exports of HS 0203 products to Japan. Nonetheless,

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[57] Ando. (2011). pp. 21-24.

[58] See Tables 2.1 and 2.2. Tariffs applied at the 8-digit HS level and do not apply to all 0203 products.

[59] In quota tariffs are: (i) the difference between 535.53 yen and the value for custom duty per kilogram (the imported price per kilogram before an import duty is imposed) when the import value for the custom duty per kilogram is more than 53.53 yen but not more than the value obtained be dividing 535.53 yen by 1.022 and (ii) 2.2% when the value for the custom duty per kilogram is more than the value obtained by dividing 535.53 yen by 1.022. [Ando & Urata. (2011). p.6]

Ando & Urata (2011) conclude that the EPA has contributed to the expansion of pork imports from Mexico.[60]

As regards to Beef (HS 0202), an import quota was also introduced, which increases from 10 metric ton in the first and second years, for which the in quota tariff is 0%, to 6,000t by the fifth year. The in-quota tariff for the third to fifth years were left for negotiation, with a ceiling of no greater than 0.9% of the applied MFN tariff in 2003. In 2008, the EPA tariff for Pork that is Fresh, Chilled, or Frozen (HS 0202) was 30.8%, compared to the MFN tariff of 38.5%. For Beef Tongues and Livers (HS 020621), the EPA tariff was 7.6% in 2008, compared to the 12.8% MFN applied tariff. Mexican exports of HS 0202 products increased 351% in value and 606% in quantity from 2004 to 2008, raising Mexico share of Japan's beef imports from less than 1% to over 3%.[61]

In sum, the above characteristics of the Japan-Mexico EPA are particularly relevant to Alberta, especially given that Mexico is a competitor of Alberta in exports of pork and beef to Japan. While the extent to which concessions in the Japan-Mexico FTA have increased Mexico's exports of beef and pork to Japan is not clear, concessions have been made and imports have increased both absolutely and relatively. Consequently, there is a lesson from the Mexico EPA for Canada's negotiations regarding beef and pork.

A version of the so-called 'gravity model' was used by Ando (2007) for the evaluation of the Singapore and Mexico EPAs. This model explains Japan's exports to and imports from another country by means of that country's GDP, by the distance between the respective capitals, and by the per capita income gap. Theory suggests that both the distance and the income gap between countries exert a negative influence on trade, while GDP has a positive effect. First, the relationships are estimated for a recent pre-EPA period, thereafter its estimated parameters and new data for the explanatory variables are used to predict trade flows for the post-EPA period. In a third step the predictions are compared to actually observed trade flows in the post-EPA period.

If the actual flows surpass the predicted flows of exports and imports, a positive effect of the EPA is inferred. However, gravity models are also a weak and indirect method to assess the effects of EPAs. With this in mind, the results obtained by Ando (2007) suggest the EPA with Singapore had little impact on trade, and the small observed increase may be due to other developments in the region. For the post EPA period, Japan's exports to Mexico did increase more than expected by the gravity model, and slightly supportive evidence emerged for imports as well.

The most frequently applied methodology of economics to estimating the effects of EPAs or FTAs is by means of computable general equilibrium models (CGE), essentially a simulation of how trade flows differ when the price (and income) effects of liberalized trade are fully allowed for. Such simulations are

[60] Ando & Urata. (2011). p.6.

[61] *Ibid*. p. 29.

used to predict what would happen to trade and income flows if total or various degrees of liberalization were to be agreed upon. The simulation results are then used to assess the gains from freer trade and investment between partners. Not surprisingly the predicted gains for Japan's EPAs with various partners ranged from 0.03% (Philippines) to 0.45% (China) extra GDP growth in Japan. In the face of recent 0-1% growth of GDP, the additional growth available from EPAs looks attractive indeed and provides the motivation for their pursuit by Japan.

In short, Japan's FTAs and EPAs are so recent in nature that it is impossible to definitively determine their impact on partner countries. Global developments, such as the commodities boom from 2002-07, the recent recession, regional growth patterns, other trade agreements, and prevailing domestic economic conditions are all at play and make distilling the effect of trade agreements notoriously difficult. The evidence that is adduced by CGE modeling is suggestive of relatively significant additional GDP growth, even if full liberalization is not achieved.

Conclusions

Canada and Japan have much to gain from a free international trade regime, and so does Alberta. While both countries belong to the WTO, a lack of progress in the recent Doha round of WTO negotiations has spurred numerous bilateral and multilateral FTAs and EPAs around the world. The benefits of one such as these, the NAFTA, in the form of expanded choices, lower prices, and increased exports are largely accepted. The issue this report addresses is the barriers to trade between Japan and Alberta: if removed, similar benefits could result.

Our research has shown that overall, the tariff regime deployed by Japan is relatively liberal – for the vast majority of products tariffs are bound at low rates or are zero. However, such an aggregate perspective misses a very important fact. Japan still retains a number of relatively high tariffs on certain agricultural and food products – particularly Wheat, Barley, Pork, and Beef – all of which are among Alberta's top exports to Japan. Tariff rate quotas are also applied to Wheat and Barley.

The number of NTBs is also found to be extensive, and their *ad valorem* equivalents substantial. NTBs include state trading, safeguard mechanisms, subsidies to domestic producers, technical and sanitary standards and regulations, labeling requirements, and inadequate facilities. It is interesting to note, however, that most of Alberta's top exports to Japan face a variety of NTBs. One can thus conclude that these NTBs are not prohibitive. While resource endowments, domestic demand, and other trade agreements will affect export quantities, there is a definite impression that Japan's NTBs restrict Alberta's exports.

An analysis of the effects of Japan's other FTAs and EPAs was also undertaken. Unfortunately, definitive conclusions could not be reached due to the recent nature of these agreements. However, particular concessions made under the Japan-Mexico EPA provide a precedent for concessions on beef and pork imports, and suggest exports of these products would benefit as a result. Overall, the available evidence suggests that expansion in trade has occurred but has been modest in dimension.

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Appendix 3.1: Classification of Non-tariff Measures

A	Sanitary and Phytosanitary Measures
B	Technical Barriers to Trade
C	Pre-Shipment Inspection and Other Formalities
D	Price Control Measures
E	Licenses, Quotas, Prohibitions and Other Quantity Control Measures
F	Charges, Taxes and Other Para-Tariff Measures
G	Finance Measures
H	Anti-Competitive Measures
I	Trade-Related Investment Measures
J	Distribution Restrictions
K	Restrictions on Post-Sales Services
L	Subsidies
M	Government Procurement Restrictions
N	Intellectual property Measures
O	Rules of Origin
P	Export-Related Measures

Note: Each alphabetical heading is followed by a number of alphanumerical sub-classifications.
Source: WTO Multi-Agency Classification for NTBs.

Appendix 3.2: Non-tariff Barriers to Alberta's Top 25 Exports to Japan

HS	Description	Non-Tariff Barriers			
		NTB Code	Description	Start Year	Objective
120510	Canola	A110	S000030Temporary geographic prohibition for SPS reasons	2005	Protection of animal life and health
		A140	S000030Special Authorization for SPS reasons	2005	
		A190	S000030Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A640	S000030Storage and transport conditions	2005	
		A830	S000030Certification requirement	2005	
		A840	S000030Inspection requirement	2005	
		A860	S000030Quarantine requirement	2005	
270112	Bituminous Coal	F430	S000027Taxes and charges for sensitive product categories	2003	For purposes n.e.s.
020319	Fresh or Chilled Boneless Swine Cuts	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000013Temporary geographic prohibition for SPS reasons	2009	
		A140	S000008Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000008Storage and transport conditions	2005	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	
		A830	S000008Certification requirement	2005	
		A830	S000013Certification requirement	2009	
		A840	S000008Inspection requirement	2005	
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	
		D600	S000036Safeguard duties	2009	NP

020329	Frozen Boneless Swine Cuts	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000013Temporary geographic prohibition for SPS reasons	2009	
		A140	S000008Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000008Storage and transport conditions	2005	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	
		A830	S000008Certification requirement	2005	
		A830	S000013Certification requirement	2009	
		A840	S000008Inspection requirement	2005	
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	
		D600	S000036Safeguard duties	2009	NP
100190	Meslin and Wheat	A110	S000013Temporary geographic prohibition for SPS reasons	2009	Protection of animal life and health
		A110	S000030Temporary geographic prohibition for SPS reasons	2005	
		A140	S000030Special Authorization for SPS reasons	2005	
		A190	S000030Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000013Storage and transport conditions	2009	
		A640	S000030Storage and transport conditions	2005	
		A820	S000013Testing requirement	2009	
		A830	S000030Certification requirement	2005	
		A840	S000030Inspection requirement	2005	
		A860	S000030Quarantine requirement	2005	
		A890	S000030Conformity assessment related to SPS n.e.s.	2005	
		E270	S000038Tariff Rate Quotas	2009	NP

470329	Non-coniferous Chemical Woodpulp	NONE			
440710	Coniferous Wood Lumber (>6mm thick)	B110	S000018Prohibition for TBT reasons	2009	Control drug abuse
		B140	S000018Authorization requirement for TBT reasons	2009	Protection of the environment
		B310	S000018Labelling requirements	2009	Control drug abuse
		B820	S000018Testing requirement	2009	
810520	Cobalt	NONE			
470321	Coniferous Chemical Woodpulp	NONE			
110710	Unroasted Malt	A110	S000013Temporary geographic prohibition for SPS reasons	2009	Protection of animal life and health
		A110	S000030Temporary geographic prohibition for SPS reasons	2005	
		A140	S000030Special Authorization for SPS reasons	2005	
		A190	S000030Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000013Storage and transport conditions	2009	
		A640	S000030Storage and transport conditions	2005	
		A820	S000013Testing requirement	2009	
		A830	S000030Certification requirement	2005	
		A840	S000030Inspection requirement	2005	
		A860	S000030Quarantine requirement	2005	
		A890	S000030Conformity assessment related to SPS n.e.s.	2005	
271311	Uncalcined Petroleum Coke	B140	S000014Authorization requirement for TBT reasons	2003	Protection of the environment

121490	Swedes, Mangolds, Fodder Roots, Hay	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000030Temporary geographic prohibition for SPS reasons	2005	
		A140	S000008Special Authorization for SPS reasons	2005	
		A140	S000030Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A190	S000030Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A640	S000008Storage and transport conditions	2005	
		A640	S000030Storage and transport conditions	2005	
		A830	S000008Certification requirement	2005	
		A830	S000030Certification requirement	2005	
		A840	S000008Inspection requirement	2005	
		A840	S000030Inspection requirement	2005	
		A860	S000030Quarantine requirement	2005	
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	
		A890	S000030Conformity assessment related to SPS n.e.s.	2005	
750210	Unwrought Not Alloyed Nickel	NONE			
020230	Frozen, Boneless Bovine Cuts	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000013Temporary geographic prohibition for SPS reasons	2009	
		A140	S000008Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000008Storage and transport conditions	2005	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	
		A830	S000008Certification requirement	2005	
		A830	S000013Certification requirement	2009	

		A840	S000008Inspection requirement	2005	
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	
200410	Frozen Prepared/ Preserved Potatoes	A110	S000013Temporary geographic prohibition for SPS reasons	2009	Protection of animal life and health
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	
020130	Fresh or Chilled Boneless Bovine Cuts	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000013Temporary geographic prohibition for SPS reasons	2009	
		A140	S000008Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000008Storage and transport conditions	2005	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	
		A830	S000008Certification requirement	2005	
		A830	S000013Certification requirement	2009	
		A840	S000008Inspection requirement	2005	
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	
		D600	S000036Safeguard duties	2009	NP

470500	Semi-chemical Woodpulp	NONE			
100300	Barley	A110	S000013Temporary geographic prohibition for SPS reasons	2009	Protection of animal life and health
		A110	S000030Temporary geographic prohibition for SPS reasons	2005	
		A140	S000030Special Authorization for SPS reasons	2005	
		A190	S000030Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000013Storage and transport conditions	2009	
		A640	S000030Storage and transport conditions	2005	
		A820	S000013Testing requirement	2009	
		A830	S000030Certification requirement	2005	
		A840	S000030Inspection requirement	2005	
		A860	S000030Quarantine requirement	2005	
		A890	S000030Conformity assessment related to SPS n.e.s.	2005	
		E270	S000038Tariff Rate Quotas	2009	NP
010190	Live Horses, Asses, Mules, and Hinnies	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000019Temporary geographic prohibition for SPS reasons	2008	
		A140	S000008Special Authorization for SPS reasons	2005	
		A140	S000019Special Authorization for SPS reasons	2008	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A190	S000019Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2008	
		A640	S000008Storage and transport conditions	2005	
		A830	S000008Certification requirement	2005	
		A830	S000019Certification requirement	2008	
		A840	S000008Inspection requirement	2005	
		A840	S000019Inspection requirement	2008	
		A853	S000019Distribution and location of products after delivery	2008	

		A890	S000008Conformity assessment related to SPS n.e.s.	2005	
		A890	S000019Conformity assessment related to SPS n.e.s.	2008	
020629	Frozen, Edible Bovine Offal	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000013Temporary geographic prohibition for SPS reasons	2009	
		A140	S000008Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000008Storage and transport conditions	2005	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	
		A830	S000008Certification requirement	2005	
		A830	S000013Certification requirement	2009	
		A840	S000008Inspection requirement	2005	
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	
100110	Durum Wheat	A110	S000013Temporary geographic prohibition for SPS reasons	2009	Protection of animal life and health
		A110	S000030Temporary geographic prohibition for SPS reasons	2005	
		A140	S000030Special Authorization for SPS reasons	2005	
		A190	S000030Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000013Storage and transport conditions	2009	
		A640	S000030Storage and transport conditions	2005	
		A820	S000013Testing requirement	2009	
		A830	S000030Certification requirement	2005	

		A840	S000030Inspection requirement	2005	
		A860	S000030Quarantine requirement	2005	
		A890	S000030Conformity assessment related to SPS n.e.s.	2005	
		E270	S000038Tariff Rate Quotas	2009	NP
020621	Frozen Bovine Tongues and Edible Offal	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000013Temporary geographic prohibition for SPS reasons	2009	
		A140	S000008Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	
		A220	S000013Restricted use of certain substances in foods and feeds	2009	
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000008Storage and transport conditions	2005	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	
		A830	S000008Certification requirement	2005	
		A830	S000013Certification requirement	2009	
		A840	S000008Inspection requirement	2005	
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	

Japan's Tariffs and NTBs to

Alberta's Top Exports to the EU that are not in the Top Exports to Japan

Tariff Rates Applied by Japan at the 8-digit HS Level

HS 6-digit	Tariff Suffix	Description	AV	Other
220720	00	Ethyl alcohol and other spirits, denatured, of any strength:	-	-
220720	01	Of an alcoholic strength by volume of 90 % vol or higher	27.2%	0
220720	02	Other	0%	38.1yen/l
230910	00	Dog or cat food, put up for retail sale:	-	-
230910	01	Containing not less than 10 % of lactose by weight		59.5yen/kg plus 6 yen for every 1% exceeding 10% by weight of lactose contained
230910	03	In airtight containers not more than 10 kg each including container	0%	0
230910	05	More than 70 yen/kg in value for customs duty, excluding those containing 35 % or more by weight of crude protein	0%	0
230910	07	In powders, meals, flakes, pellets, cubes or similar forms, containing less than 5 % by weight of sugars evaluated as sucrose, less than 20 % by weight of free starch, less than 35 % by weight of crude protein, other than those be separable 10 % or	0%	0
230910	08	Other	0%	36yen/kg
381519	00	Other:	-	-
381519	01	Iron catalysts	0%	0
381519	02	Other	2.2%	0
382490	00	Other:	-	-
382490	01	Master blends for the manufacture of chewing gum, excluding those containing sugar or other sweetening matter or flavours	0%	0
382490	02	Derivatives of mixtures of fatty acids	3.9%	0
382490	04	Mixture containing octabromodiphenyl oxide and heptabromodiphenyl oxide as main constituent; mixture containing dibromoneopentyl glycol as main constituent	0%	0
382490	05	Other	2.6%	0

Non-tariff Barriers

HS	Description	Non-Tariff Barriers			
		NTB Code	Description	Start Year	Objective
271019	Petroleum Oils	B140	S000025Authorization requirement for TBT reasons	1999	Protection of wild fauna and flora
841121	Turbo-Propellers	B140	S000014Authorization requirement for TBT reasons	2003	Protection of the environment
230910	Retail Dog or Cat Food…	A110	S000008Temporary geographic prohibition for SPS reasons	2005	Protection of human life and health
		A110	S000030Temporary geographic prohibition for SPS reasons	2005	Protection of animal life and health
		A140	S000008Special Authorization for SPS reasons	2005	Protection of human life and health
		A140	S000030Special Authorization for SPS reasons	2005	
		A190	S000008Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	
		A190	S000030Prohibitions or restrictions of products or substances because of SPS reasons n.e.s.	2005	Protection of animal life and health
		A640	S000008Storage and transport conditions	2005	Protection of human life and health
		A640	S000030Storage and transport conditions	2005	Protection of human life and health
		A830	S000008Certification requirement	2005	Protection of animal life and health
		A830	S000030Certification requirement	2005	Protection of plant life and health
		A840	S000008Inspection requirement	2005	Protection of animal life and health
		A840	S000030Inspection requirement	2005	

230190	Retail Dog or Cat Food (continued)	A860	S000030Quarantine requirement	2005	Protection of human life and health
		A890	S000008Conformity assessment related to SPS n.e.s.	2005	Protection of human life and health
		A890	S000030Conformity assessment related to SPS n.e.s.	2005	
		B140	S000014Authorization requirement for TBT reasons	2003	Protection of the environment
		B140	S000029Authorization requirement for TBT reasons	2006	Protection of wild fauna and flora
		B210	S000029Tolerance limits for residues of or contamination by certain substances	2006	Protection of the environment
		B220	S000029Restricted use of certain substances	2006	
		B310	S000029Labelling requirements	2006	
		B330	S000029Packaging requirements	2006	Protection of wild fauna and flora
		B410	S000029TBT regulations on production processes	2006	
		B420	S000029TBT regulations on transport and storage	2006	Protection of national security
		B700	S000029Product quality or performance requirement	2006	Control drug abuse
		B810	S000029Product registration requirement	2006	Protection of wild fauna and flora
		B820	S000029Testing requirement	2006	Control drug abuse
		E140	S000014Licence combined with or replaced by special import authorization	2003	NP
843143	Parts of Boring/Sinking Machinery	NONE			
280300	Carbon	NONE			
848180	Taps, Cocks, Valves	NONE			

382490	Chemical Products	A110	S000013Temporary geographic prohibition for SPS reasons	2009	Protection of animal life and health
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	Protection of plant life and health
		A220	S000013Restricted use of certain substances in foods and feeds	2009	Protection of human life and health
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	Protection of plant life and health
		B110	S000018Prohibition for TBT reasons	2009	Control drug abuse
		B140	S000014Authorization requirement for TBT reasons	2003	Protection of the environment
		B140	S000018Authorization requirement for TBT reasons	2009	
		B150	S000031Registration requirement for importers for TBT reasons	2001	
		B310	S000018Labelling requirements	2009	Control drug abuse
		B310	S000031Labelling requirements	2001	Protection of the environment
		B330	S000031Packaging requirements	2001	Protection of wild fauna and flora
		B420	S000031TBT regulations on transport and storage	2001	Protection of national security
		B700	S000015Product quality or performance requirement	2006	
		B700	S000031Product quality or performance requirement	2001	Protection of the environment
		B820	S000015Testing requirement	2006	
		B820	S000018Testing requirement	2009	Control drug abuse
		F430	S000035Taxes and charges for sensitive product categories	2009	For purposes n.e.s.
		F430	S000040Taxes and charges for sensitive product categories	2009	For purposes n.e.s.

381519	Supported Catalysts	NONE			
902710	Gas or Smoke Analysis Apparatus	NONE			
903190	Parts for Measuring Instruments	NONE			
220720	Ethyl Alcohol and other Spirits	A110	S000013Temporary geographic prohibition for SPS reasons	2009	Protection of animal life and health
		A210	S000013Tolerance limits for residues of or contamination by certain substances	2009	Protection of plant life and health
		A220	S000013Restricted use of certain substances in foods and feeds	2009	Protection of human life and health
		A310	S000013Labelling requirements	2009	
		A630	S000013Food and feed processing	2009	
		A640	S000013Storage and transport conditions	2009	
		A820	S000013Testing requirement	2009	Protection of plant life and health
		B110	S000018Prohibition for TBT reasons	2009	Control drug abuse
		B140	S000002Authorization requirement for TBT reasons	2005	Protection of wild fauna and flora
		B140	S000018Authorization requirement for TBT reasons	2009	Protection of the environment
		B150	S000002Registration requirement for importers for TBT reasons	2005	Protection of wild fauna and flora
		B310	S000018Labelling requirements	2009	Control drug abuse
		B820	S000018Testing requirement	2009	
		F420	S000002Excise taxes	2005	NP
		F420	S000023Excise taxes	2006	NP

852691	Radio Navigational Aid Apparatus	NONE			
732690	Articles of Iron and Steel	NONE			
300590	Dressings Without an Adhesive Layer	B140	S000029Authorization requirement for TBT reasons	2006	Protection of wild fauna and flora
		B210	S000029Tolerance limits for residues of or contamination by certain substances	2006	Protection of the environment
		B220	S000029Restricted use of certain substances	2006	Protection of the environment
		B310	S000029Labelling requirements	2006	
		B330	S000029Packaging requirements	2006	Protection of wild fauna and flora
		B410	S000029TBT regulations on production processes	2006	
		B420	S000029TBT regulations on transport and storage	2006	Protection of national security
		B700	S000029Product quality or performance requirement	2006	Control drug abuse
		B810	S000029Product registration requirement	2006	Protection of wild fauna and flora
		B820	S000029Testing requirement	2006	Control drug abuse