

from the glulam standard, which were pursued at the Canada-U.S.-Japan Japan Agricultural Standards Technical Committee (JASTC) meeting in 2002. In 2003, the review of the standards critical to Canada that apply to dimension lumber is to occur, and Canada at the request of Japan tabled its issues at the JASTC meeting. Some Japanese agricultural standards address issues that are not relevant to the core purpose of the standard—such as linking the wood treating standard to the a-grading standard, and including moisture content adjustment factors under the plywood standard. Canada will press for relaxation of the five-year review cycle to provide for the introduction of new technology and the resolution of outstanding issues. JAS143, in particular, is not scheduled to be reviewed until 2005 and yet some very important issues are still outstanding. Canada will work to ensure that Canadian stakeholders have access to the MoAFF process and full membership on the review committees, and will continue to press for fairer treatment of Canadian products.

#### **Japan Agricultural Standards for Building Products—Inspection and Approval System**

In June 2000, Japan implemented a revised JAS law allowing a foreign organization to obtain Foreign Registered Certification Organization (FRCO) status provided that the foreign country was deemed to have an equivalent conformity assessment system. Canada was recognized as having an equivalent system, and by March 2002 three organizations were recognized as FRCOs (CANPLY, CMSA, NFPA/COFI) and all interested Canadian mills had been transferred to this new process. Canada will continue to work with Canadian organizations to monitor this system and press for elimination of unnecessary inspection, paperwork and expense. For example, the JAS law currently requires monthly inspections and monthly reports from mills. This frequency of inspections and of reporting is, in Canada's view, unnecessary and redundant.

#### **IMPROVING ACCESS FOR TRADE IN SERVICES**

As the number of international firms doing business in Japan continues to rise, there is an increasing focus on regulatory and other non-tariff barriers that may be impeding the development of business in under-developed areas of the Japanese economy, particularly

in services. There has been significant business development in those areas in which there has been regulatory reform, notably financial services and telecommunications. Canada continues to point out areas in which further regulatory reform would have similar stimulative effects.

#### **Environmental Services**

In addition to the normal challenges faced by services providers, companies in the environment sector face other barriers particular to their field. The differences in standards and definitions of various services offered are particularly burdensome. Furthermore, the administrative qualification (bid) procedures for government-related projects are quite different from Canada's, creating more challenges for Canadian companies. It is also difficult for Canadian companies to gain access to environmental projects funded by overseas development assistance. Canada will continue to monitor the situation.

#### **Telecommunications Services**

The Japanese telecommunications services market has become significantly accessible to foreign companies. All restrictions on foreign investment in the telecommunications sector, except in Nippon Telegraph and Telephone (NTT) Corporation, have been lifted. Canada continues to monitor Japanese implementation of General Agreement on Trade in Services commitments for basic telecommunications services, and it is encouraged by Japan's move to reduce the interconnection rates for foreign carriers to NTT's local and long-distance networks.

Canada urges Japan to continue to lower the interconnection rates by adopting a long-run incremental cost system—a pro-competitive methodology for interconnection fees. Several concerns, however, have been flagged by Canadian companies. These concerns centre on the ability of new entrants to access the network; reporting procedures required of new entrants by the Ministry of Public Management, Home Affairs, Posts and Telecommunications; regulation of dominant carriers (the long-distance services provider NTT Communications, NTT West and NTT East in the local communications market, and NTT DoCoMo in the wireless market); and the ability of new entrants to build new networks. These