

Revision of Japan Agricultural Standards (JAS) for Building Products

Under the Japan Agricultural Standards (JAS) system specific standards are now reviewed on a 5 year cyclical basis. Canada continues to work with Ministry of Agriculture, Forestry and Fisheries in various technical forums to provide data to assist in the revision of standards related to building products (i.e. structural sawn lumber, machine-stress related lumber, glue-laminated lumber, panel products, etc.) to reflect Canadian test methodology and international standards. These data would include, for example, thickness tolerances on oriented strand board, test data with respect to knot and wane, formaldehyde emissions tests, and others. Canada also continues to press for acceptance of a performance-based approach in JAS standards.

Performance Requirements for Lumber for Traditional Housing

Canada is working to ensure that performance criteria being developed for traditional zairai housing in Japan should not be based solely on the use of tsugi lumber, but rather should recognize the characteristics of other species (e.g. hemlock).

Housing Quality Assurance (HQA) Act

The Housing Quality Assurance (HQA) Act introduces a mandatory ten-year warranty system and a voluntary housing performance indication system for new housing. Canada is encouraging Japan to allow for foreign testing organizations to test performance characteristics and is seeking to ensure that the requirements, and the process for attaining the requisite proof of performance, are not so onerous as to discourage small and medium-sized enterprises from competing in the Japanese market. Canada also continues to urge the Japanese government to accept international approaches to test methods in this regard.

OTHER PRODUCTS

Smokeless Powder Fuel

Canada also has concerns regarding the classification of smokeless powder fuel, imported by Japan from Quebec since 1991, and used primarily as a propellant for fireworks. The United Nations

classifies smokeless powder fuel under 1.3C (defining a "minor" hazard), whereas Japan classifies it, like black powder, under 1.1A, (a "mass explosion hazard"), resulting in significantly greater problems in importing, storing, distributing, inspection and testing for degradation, as well as selling this product. Canada will continue to seek clarification from Japanese authorities as to why smokeless powder fuel is subject to a more dangerous classification in Japan than elsewhere.

IMPROVING ACCESS FOR TRADE IN SERVICES

As an number of international firms doing business in Japan continues to rise, there is an increasing focus on the regulatory and other non-tariff barriers that may be impeding the development of business in underdeveloped areas of the Japanese economy, particularly in services. In those areas where there has been regulatory reform, notably financial services and telecommunications, there has been significant business development. Canada continues to point out areas where further regulatory reform would have similar stimulative effects.

Telecommunications Services

The Japanese market for telecommunications services has seen a significant opening 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 GATS commitments for basic telecommunications services and is encouraged by Japan's move to reduce the interconnection rates for foreign carriers to NTT's local and long distance networks.

Several concerns however have been flagged by Canadian companies with respect to: 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 service provider NTT Communications, NTT West and NTT East in the local communication market, and NTT DoCoMo in the wireless market); and the ability of new entrants to build new networks – this could be improved by ensuring fair access (including rights of way) to land