

to request that Japan extend the list of eligible sires to include the top 40 Canadian bulls from the Long-term Performance Indicators listing and that the listing be constantly revised based on new sire evaluations.

Japan's Food Sanitation Law

Japan's Food Sanitation Law (FSL) and its related administrative guidelines do not clearly distinguish between "sanitary" and "quality" problems affecting food products. Quality factors do not constitute health and safety risks, and should not, in Canada's view, be addressed in the same manner as sanitary factors. Canada considers that Japan should refrain from its current practice of prohibiting the sale of agri-food products based solely on its assessment of undesirable non-health and safety "quality" factors.

The FSL also maintains standards for frozen foods that are much more restrictive than those for non-frozen products. This has led to problems at some ports for frozen-food shipments from Canada. Canada does not consider that this distinction is scientifically justified. Canada hopes to address this issue through technical dialogue between officials.

Fish Feed in Airtight Containers

Since July 1998, Japanese customs authorities have deemed that bagged Canadian fish feed no longer qualifies for duty-free status, based on a prescriptive standard for "airtight packaging" that excludes the packaging employed by Canadian exporters. The Embassy continues to consult with customs authorities on this matter.

BUILDING PRODUCTS AND HOUSING

Japan is Canada's second largest market for building products after the United States, with 1997 exports exceeding \$2.6 billion – a slight decline from 1996. Canada continues to be a major exporter of pre-fabricated housing to Japan, with sales in 1997 of \$181 million.

The amendment of the Building Standards Law in June 1998 to introduce aspects of a more performance based (rather than prescriptive) building standard promises to bring great benefit to Canadian exporters. Further deregulation in the housing sector and further liberalization with respect to imported

building products would benefit both Japanese consumers and Canadian suppliers of wooden building product. To this end, Canada and Japan continue their cooperation under the terms of the 1994 Joint Announcement on Cooperation for Mutual Recognition in the Field of Building Standards to reduce the cost of selling Canadian building products in Japan through regulatory reform and mutual recognition of standards and test data for building products and construction methods.

Canada will continue to consult bilaterally with Japan on the revision of their Building Codes to aid Japan's objectives of stimulating improvements in the quality of Japan's housing stock and to facilitate Canadian exports of building materials. Specifically, Canada is working to remove further restrictions on wood frame construction in semi-fire zones (e.g., size and use limitations), to ensure test methods and test criteria are transparent and to allow for foreign organizations to become recognized approval bodies.

Removal of Restrictions on Three-Storey Wood Frame Construction

After revisions in the Building Codes announced in 1997, three-storey wood frame construction is now allowed, but the Ministry of Construction restricts the size to a maximum of only 1500 square metres. This restriction limits the construction of wood frame structures for hotels and other larger-scale mixed use. Canada will continue to seek the removal of this restriction.

Revision of Japan Agricultural Standards for Wooden Building Products

The revision and development of Japan Agricultural Standards (JAS) for imported wooden building materials has proven to be a slow and costly process. Canada is currently co-operating with Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) to revise a number of standards [including JAS 143 (structural lumber) and JAS 111 (strength class by species and lamina properties)], to facilitate imports into Japan of Canadian wooden building products. Canada will continue to seek the implementation of these revised standards at an early date. In addition, testing is being undertaken to provide data to MAFF to relax standards for oriented-strand board.