

the Ministry of Agriculture, Forestry and Fisheries (MAFF) in various technical forums, where it is providing data to assist in the revision of building product standards. In 2003, MAFF launched a review of standards for dimension lumber—a significant product for Canada, which supplies about 95% of the Japanese market. Canada participated fully in the process and is satisfied with the outcome to date.

Outstanding issues with other standards remain, however, and full participation by Canadian technical experts in the review of future standards is by no means assured. Canada will press for relaxation of the five-year review cycle to provide for interim amendment of standards. Such a relaxation would enable the introduction of new technology and the resolution of outstanding issues on a more frequent basis. Canada will work to ensure that Canadian stakeholders have access to the MAFF process and full membership on the review committees. It will also continue to press for fairer treatment of Canadian products.

Japan Agricultural Standards for Building Products: Inspection and Approval System

Canada's standards system for lumber and composite products has been recognized as equivalent to the JAS system, and three Canadian organizations (The Canadian Plywood Association, Canadian Mill Services Association, Northern Forest Products Association/Council of Forest Industries) have been recognized.

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 that have undergone regulatory reform, notably financial services and telecommunications. Canada continues to point out areas in which further regulatory reform would have similar stimulative effects. Canada hopes to continue to build on the Japan Market Resource Network's study of August 2002, which identified significant opportunities in business

and professional services such as accounting, legal, and education and training. This market is of particular interest for Canada's newly created Language Industries Association, ALLIA.

Environmental Services

In addition to the normal challenges faced by services providers, companies in the environmental 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 quite accessible to foreign companies. All restrictions on foreign investment in the telecommunications sector, except in Nippon Telegraph and Telephone Corporation, have been lifted. Canada particularly welcomes the new Telecommunications Business Law (which was amended in 2003 and will come into force in the spring of 2004), especially its provisions removing the obligation to notify tariffs for certain services. This law is seen as a significant step toward Japanese competitiveness in the telecommunications sector.

Air Transport

In the context of our long-standing and productive bilateral air transport relationship, Canadian officials have tried over the past two years to obtain for Canada enhanced capacity, access to some of the new slots available on the second runway at Narita Airport and code-sharing rights for services beyond Japan. Air Canada and All Nippon Airways have been working very closely to develop their commercial plans, especially for code sharing beyond Japan—which Japanese negotiators have declined to permit. It is nevertheless clear that the intensified commercial cooperation will benefit both airlines.