

BUILDING PRODUCTS

For several years, Japan has been Canada's leading overseas market for forest products. In 1995, Canadian exports of forest products to Japan (including lumber, pulp and paper) exceeded \$4.8 billion, with softwood lumber comprising \$2.6 billion and supplying some 80 per cent of the lumber imported for Japan's burgeoning housing sector, the world's largest, with some 1.5 million starts annually.

Softwood lumber and plywood aside, Canadian manufactured building materials have only recently been introduced to Japan; the range of products exported remains quite limited, and Canada's market share is still well below full potential. Even with an expansion in exports in manufactured housing of 139 per cent in 1995, there remains a largely untapped market opportunity for Canadian exporters of doors, windows, flooring, staircases, system kitchens, prefabricated wall panels and house packages (pre-engineered and manufactured). It is noteworthy that Canada became Japan's leading supplier of prefabricated housing in 1995 and is likely to retain this position for the foreseeable future as a result of its ability to supply advanced housing suited to Japan's needs, and despite aggressive foreign competition.

Acute shortages of skilled tradesmen and high domestic labour costs, combined with recession-driven consumer demand for lower-cost housing, continue to fuel the demand for imported building products (called "imported housing" in Japan). Canadian products are highly competitive in both price and quality and can be tailored to local requirements, including sizing, pre-finishing and packaging. A key area of Canadian effort in Japan is the transfer of building technology to promote three-storey

wooden construction as a cost-effective alternative to steel/concrete structures for both housing and multi-use facilities.

The successful conclusion of the Uruguay Round in 1994 resulted in either a phased reduction or, for some products, full elimination by 1999 of Japan's tariffs on softwood lumber, plywood, particleboard, wood mouldings, doors, windows and other building products. These tariff changes will enhance further the price competitiveness of Canadian products compared with domestically manufactured components. Furthermore, the Japanese government has developed a program to promote imports of manufactured housing through initiatives such as model home sites across Japan.

In November 1994, Canada and Japan initiated a series of bilateral discussions aimed at achieving mutual recognition of building product standards and acceptance of test data on materials and construction methods. The discussions also seek to gain recognition of Japanese or Canadian evaluations and certifications based on standards equivalent to those applied by the relevant authorities of the host country. The objective is to eliminate duplication of testing, evaluation or certification requirements, to facilitate the process of Japanese recognition of test facilities in Canada and to simplify the procedures involved. This will effectively increase the availability in Japan of high-quality building products at reasonable prices while also promoting more efficient construction methods. Evaluation bodies and testing laboratories in both countries are collaborating closely, as in the recently completed full-scale fire test conducted on wood-frame houses at Tsukuba City. In addition, Japan appears to be moving in the