Agricultural Standards Technical Committee. These meetings will provide a good opportunity for Canada to demonstrate its regulatory system and use of building products.

Value-added Building Products

Under the revised BSL, a new system of testing and approval bodies has been established that has proven challenging for Canadian manufacturers. Currently, only Japanese and East Asian testing and approval bodies are authorized under the new system. In many cases, the process to be used by a Canadian manufacturer is not clear. In 2002, an initiative to analyze this system and possibly develop a road map was launched; this work will continue during 2004.

Japan implemented in 2003 regulations concerning emissions of volatile organic compounds (VOCs) from building products. Most products involving glues must now be tested before they can be sold in Japan. Products, such as kitchen cabinets, that use particleboard and medium-density fibreboard are especially affected. At present, only formaldehyde is subject to these regulations, but Japan is studying the addition of other VOCs. Canada has won some concessions, for example, the exemption of hardwood flooring from the regulations and the acceptance of foreign test data. We have not yet been successful, however, in getting a Canadian evaluation body accredited by the Japanese government, and we will continue to press for a compromise on this. It should be said that a number of Canadian manufacturers have received certification under the new regulations.

Tariffs on Spruce-Pine-Fir Lumber and Panel Products

Japan's system of tariff classification distinguishes between the species and dimensions of lumber, regardless of end use. As a consequence, spruce-pine-fir (SPF) lumber imports, worth over $400 million per year to Canada, are subject to duties ranging from 4.8% to 6%, whereas other species imported for the same purpose enter duty-free. The 6% tariff on softwood plywood and oriented strand board is also considered to severely limit Canadian exports and unfairly favour the domestic Japanese industry. Industry estimates that the 6% tariff on plywood reduces Canadian exports by $100 million per year. Reducing SPF and softwood plywood tariffs are a high priority for Canada and will be pursued in the WTO multilateral trade negotiations.

Three- and Four-Storey Wood Frame Construction

Japanese demand for three- and four-story mixed-use buildings is significant. Although three-storey wood frame apartment construction is allowed in quasi-fire protection (QFP) zones, it is restricted to a maximum of only 1,500 square metres, and requires uneconomic property line setbacks and limiting distance calculations for exterior wall openings. These restrictions unfairly and sharply limit the use of three-storey wood construction. There is also a size limit of 3,000 square metres for non-QFP zones, and Japanese fire-wall specifications (which could allow larger structures) are unfair and not based on science. Four-storey wood frame construction is increasingly being used in North America, but it faces a difficult and unclear regulatory regime in Japan.

A performance-based system for fireproof buildings was introduced under the revised BSL. Canada, working closely with the Japanese two-by-four Association, has undertaken supervised tests that have passed the required performance standard for quasi-fireproof construction. Canada will press for formal approval of this new technology.

Performance Requirements for Lumber for Traditional Housing

Canada is working to ensure that performance criteria being developed for traditional post-and-beam houses in Japan are not based solely on the use of Japanese-grown sugi lumber (which is one of the weaker species) but recognize other species (e.g., hemlock) that offer greater strength in construction. Canada is also concerned that the process for implementing new products and technologies following formal approval is unnecessarily difficult and needs streamlining.

Agricultural Standards for Building Products: Standards Review Process

Under the revised Japan Agricultural Standards system, specific standards are now reviewed on a five-year cycle. Canada continues to work with