



discussing a protocol that would establish fumigation or heat-treatment procedures in Canada for baled-hay imports, eliminating the need for inspection on arrival. Japan's approval of the fumigation treatment became effective on December 19, 1997.

Canadian industry remains interested in pursuing a heat-treatment protocol with Japan. Canada will reevaluate the research conducted for heat treatment and will approach Japan early in 1998 to propose further research.

Establishment of Maximum Residue Levels at Internationally Accepted Levels

In Japan, Maximum Residue Levels (MRLs) in foods are gradually being established for agricultural chemicals and veterinary drugs. In cases of chemicals or drugs in which no MRL has been established in Japan, zero tolerance is the default level. Canada urges Japan to accelerate its work to establish relevant MRL standards for veterinary drugs and agricultural chemicals that are consistent with international standards established by *Codex Alimentarius*. In the absence of a national MRL, Canada would welcome a decision by Japan to make use of the relevant international standards as the basis for access, until a final determination is made.

"Organic" Trademark

The Japanese Patent Office has approved the use of the word "organic" in the product name of alcoholic beverages produced by one Japanese company. In a letter to the Patent Office, the Canadian embassy argued that "organic" is a generic term that is widely used and an internationally recognized method of production, and therefore should not qualify for registration by any one company. The Patent Office replied that there is a formal procedure available to affected companies to challenge decisions. This case is causing quantifiable damage to Canadian export interests in Japan.

Live Oyster Exports

The Canadian Food Inspection Agency (CFIA), in response to a specific request from oyster producers in British Columbia, has recently expressed an interest in pursuing an agreement to permit the export of live oysters to Japan. Japan has concluded such agreements with several American states, e.g. Oregon,

Washington and Connecticut. CFIA met with the Japanese Ministry of Health and Welfare (MHW) in October 1997 to discuss a protocol to allow Canadian exports of live oysters to Japan. MHW is considering sending a fisheries inspector to Canada in 1998 to review fresh oysters from British Columbia.

Acceptance of Transgenic Canola

Canola seed is Canada's largest agricultural export to Japan, with shipments in 1997 valued at \$860 million. Transgenic technology refers to the introduction of a new trait such as tolerance to specific herbicides through the insertion of a gene from another species into the canola plant. The new varieties are subject to approval by Japan on the basis of environmental, food and feed-safety guidelines. Japan approved the importation of three varieties of transgenic canola for environmental safety in May 1996, and for food safety and feed safety in September 1996, and has just recently decided to extend the approval to conventionally derived progeny of approved transgenic lines. The Japanese system of approval remains a concern. It is likely that this system could pose delays in the acceptance of subsequent transgenic crops, whether they be canola with new transgenic traits or transgenic traits in other crop species. The situation could again arise, where crop varieties are approved for planting in Canada, before they are accepted by Japan. Canada believes that approval on the basis of genetic traits, rather than on varieties, would be more effective and efficient.

Building Products and Housing

Japan is Canada's second-largest market for building products after the United States, with 1997 exports exceeding \$2.5 billion. Canada continues to be the largest exporter of prefabricated housing to Japan, with sales in 1997 of \$179 million. Canada and Japan have agreed, under the terms of the October 31, 1994, Joint Announcement on Co-operation for Mutual Recognition in the Field of Building Standards between the Japanese Ministry of Construction and Industry Canada, to co-operate closely to reduce housing-construction costs in Japan through regulatory reform, and mutual recognition of standards and test data for building products and construction methods.