

Also, Canada will continue to consult bilaterally with Japan on the revision of other aspects of its building codes and standards to aid Japan's objective of stimulating improvements in the quality of housing stock and to facilitate Canadian exports of building materials. Specifically, Japan will be urged to adhere to international standards and practices, and to allow Canadian organizations to become recognized testing and approval/certification bodies.

#### **Registered Certification Organizations and Registered Grading Organizations**

In June 2000, Japan implemented a revised JAS Law allowing foreign organizations to obtain Registered Certification Organization and Registered Grading Organization status provided the foreign country was deemed to have an equivalent conformity assessment system. Once approved, foreign RCOs/RGOs would be able to inspect and apply the JAS stamp to products meeting the JAS standard. In 2000, Canada applied to the Ministry of Agriculture, Forestry and Fisheries to confirm "equivalency" for wood products. After extensive consultation, Canada was granted equivalency for wood products in March 2001, thereby allowing Canadian organizations to gain RGO/RCO status and improving market access for wood products. Since that time, three Canadian organizations have been approved as RCOs, potentially affecting exports currently exceeding \$1.5 billion a year.

#### **Tariffs on Spruce-Pine-Fir Lumber and Softwood Plywood**

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 \$600 million per year to Canada, are subject to duties ranging from 4.8% to 6%, whereas other species imported for the same purpose enters duty free. The 6% tariff on softwood plywood is also considered to severely limit Canadian exports and unfairly favour the domestic Japanese industry. The SPF and softwood plywood tariffs are a high priority for Canada, and will be pursued in the WTO multilateral trade negotiations.

#### **Restrictions on Three and Four-Storey Wood Frame Construction**

Most of the Japanese market is subject to highly restrictive prescriptive codes related to fire, and land

economics favour three- and four-storey construction. Although three-storey wood frame construction is now allowed in quasi-fire protection zones (QFP), it is restricted to a maximum of only 1500 square metres, and requires severe 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 3000 square metres for non-QFP, and wood cannot be used in the construction of special buildings like hotels. Four-storey wood frame construction is increasingly being used in North America, but faces a difficult and unclear regulatory regime in Japan. Canada will press for the adoption of international standards for fire walls.

#### **Revision of Japan Agricultural Standards for Building Products**

Under the Japan Agricultural Standards system, specific standards are now reviewed on a five-year cyclical basis. Canada continues to work with the Ministry of Agriculture, Forestry and Fisheries (MoAFF) in various technical forums to provide data to assist in the revision of standards related to building products. In 2001, the MoAFF launched the review of the standards for flooring, glue laminated timber, laminated veneer lumber, and oriented strand board. In 2002, the review of the softwood plywood standard will be initiated. Canada will work to ensure that Canadian stakeholders have access to the MoAFF process and full membership on the review committees and continue to press for a performance-based approach.

#### **Performance Requirements for Lumber for Traditional Housing**

Canada is working to ensure that performance criteria being developed for traditional zairai housing in Japan should not be based solely on the use of tsugi lumber, but rather should recognize the characteristics of other species (e.g. hemlock). The approval in October 2001 of a new performance grade for Canadian Coastal Hemlock Lumber in Japanese post and beam housing caps a multi-year research and development program undertaken by Canadian industry, and supported by Canada. Canada's Embassy and consulates in Japan will monitor closely the implementation of this new product in Japan.