

### Trade Liberalization:

Bilateral and multilateral efforts continue to pressure Japan to liberalize its food market. These developments will gradually loosen up Japan's distribution system, in turn, creating opportunities for middle size Japanese companies to import food products directly. The recent liberalization of beef, fruit juices, ice cream and yogurt are but a few examples of new opportunities.

### Labour Shortages:

The lack of labour is forcing food processors to import further processed foods as well as investing offshore in the form of joint venture partnerships.

### Declining Domestic Fishery Sector:

Japan's domestic supply of fisheries products continues to decline leading to increased imports of such products. Imports rose from U.S.\$4.9 billion in 1985 to U.S.\$13.2 billion in 1992. Lower catches in domestic waters, as well as decreasing access to international and foreign-controlled waters should lead to a continued increase in imports.

### Inefficient Japanese Agricultural Economy:

Only 7 percent of Japan's land is suitable for agriculture. Land prices continue to rise, the farm population is aging, and farm size is not projected to change significantly from the one hectare average. Food production competitiveness is expected to continue to decline forcing an increase in demand to source food products from abroad.

### Japanese Consumer Price Sensitivities:

Following the economic slow down in Japan, consumers (and importers) have become much more price sensitive. Brand is no longer as important as quality and value. This attitude is unlikely to change as the Japanese economy picks up again in the future.

### Demographic Realities:

In 1990, the Japanese government confirmed the number of children per mother decreased to 1.57, the lowest in Japan's history. The Japanese food industry is targeting its efforts primarily at the age bands of 55-80 and 20-35. These age groups will figure prominently in the development of Canadian food product marketing strategies for Japan.