

Japan Has Yen For Canadian Foods

Japan is one of the world's largest importers of food products, with imports having increased approximately 34 times over the past three decades. It also is Canada's second-largest food export market.

In 1993, Japan imported nearly \$40 billion of these commodities. Canada's share of this market was \$2.2 billion. Structural changes in the Japanese economy suggest that food imports will continue to grow at a significant rate. Recognizing this, *Canada's Action Plan for Japan* identifies food as a priority sector in which gains can be made.

The Plan also recognizes that, while the world is beating a path to Japan's doorstep, success will be assured only through a long-term commitment to the market.

As well, exporters and would-be exporters should bear in mind that, while price has become increasingly important, Japanese consumers' demand for exacting quality has not been compromised.

Market Profile

The bursting of the "bubble economy" has made consumers more price sensitive and more receptive to competitively-priced imports; the changing demographics are presenting new market niches; and the increasing deregulation promises to make market access easier.

There is an evolution in the structure of the distribution system. Retailers are becoming more competitive and are showing preferences for competitive pricing rather than large promotional support. They are also learning to bypass traditional distribution chains which added significant costs to food products.

Consumers' shopping habits are also changing. Discount stores, unheard of in the past decade,

have sprung up and have gained a 5 per cent market share. Department store sales have plummeted by almost 7 per cent (some 20 per cent of department store profits come from food). Supermarket store sales are also down by one percent. Growth in the food service and hospitality industry continues to be a vital market to pursue.

Japan's commitment to undertake regulatory and administrative reforms should, when implemented, offer opportunities to reduce costs and speed customs and quarantine clearance.

The Ministry of Health and Welfare has introduced regulatory changes which would provide for the pre-certification of company products, thereby speeding import clearance.

There is also a plan to change the labelling requirements on processed food products from the current packing date to the shelf life of the product. Such a change could eliminate the costly step of imported products being re-packed in Japan.

The Uruguay Round of the GATT negotiations will pave the way for lower tariffs for most products. Major tariff concessions have been achieved for maple syrup, frozen pizza, and a range of fresh and preserved fruits and vegetables. While the non-import tariff barriers have been converted to very high tariffs in the case of dairy products, the fact that the tariffs will be reduced presents an opportunity to make market gains.

The size of the Japanese market is overwhelming to many Canadian producers but there are opportunities in the dynamic regional markets. Kyushu and Kansai each represent markets as large as the total Canadian market. Nagoya has a direct airlink to Canada and

the Kansai, too, is soon to have a direct airlink to Canada in Osaka.

Promotion Successes

Canada continues to demonstrate to the Japanese the diversity and quality of Canadian food products through its presence at Foodex, Asia's premiere and largest food and beverage show.

Foodex'94 was a highly successful event. Twenty-nine Canadian companies, exhibiting over 70 products, registered well over \$5 million in sales and gained multiple follow up leads. Preparations now are underway for Foodex'95.

Canada's Action Plan for Japan is also directed towards more industry-led initiatives with company- or product-specific demonstrations and promotions.

Successes abound:

- The Canadian beef industry, competing with other major beef importers, has been successful in its export strategy. The opportunities for beef exports to grow beyond the \$200-million level are immense. An official at a major Japanese food processing company recently was quoted as saying: "The share of imported beef in the domestic market is likely to go up to 70 per cent eventually." It was 48 per cent in 1991.

- Canadian exports of beverages doubled since 1991, exceeding \$28 million. Canada is the sixth-largest supplier of beer to Japan — Drummond, Labatt, Moosehead, and Pacific Western are all regulars. Canadian fruit juices and waters also have made a splash.

- Canadian chocolates and confectionery products are making major inroads — sugar and sugar confectionery exports also doubled to \$8 million.

- British Columbia frozen rasp-

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