

Environmental policies in the Kansai region

Converting a ¥ for the environment into \$ (part 2)

The seven prefectures in Japan's Kansai region have specific environmental responsibilities, such as upgrading sewage and wastewater treatment facilities and protecting natural resources. They also provide funding for environmental enlightenment, guidance and education, as well as for monitoring and research into a broad range of environmental initiatives.

Osaka

The prefecture is countering rising levels of toxic chemical pollutants such as dioxin and endocrine disruptors ("environmental hormones") with more research funding, increased environmental monitoring and analysis, and more stringent regulations. Measures to slow global warming, conserve energy and recycle are now actively promoted.

A large portion (68%) of the government's total 192.5-billion-yen budget for 2001 was directed towards engineering projects and studies.

Kyoto

Kyoto was once Japan's capital, but today the region is sparsely populated — three quarters of its land is forested. Despite its rich natural heritage, Kyoto faces environmental woes: water contamination, automobile pollution and growing waste.

The prefecture has been an ardent supporter of the environment, and aspires to become a leader in environmental causes. In 1999, it adopted the Kyoto Global Environment Declaration and formulated the Kyoto Prefectural Basic Environment Plan.

Shiga

With a population of only 1.34 million and few major businesses, Shiga may seem less than ideal from a business

and market perspective. Its people, however, are actively involved in environmental issues and may be considered a potentially significant consumer market for environmental products and technologies. Indeed, as the home and guardian of Lake Biwa — Japan's largest lake — Shiga is at the forefront of fresh water conservation, calling for an International Conference on the Conservation and Management of Lakes.

Within four years, Shiga's annual **Enviro-Shiga Exhibition** has evolved into a major international event, drawing companies and research institutions from around the world. Shiga will soon be home to Nagahama's Biotechnology University, scheduled to open in 2003.

Nara

Nara, an ancient city endowed with a rich historical, cultural and academic heritage, meets environmental standards for sulfur dioxide, nitrogen dioxide and suspended particulate matter, but faces excessively high levels of photochemical oxidants for about 100 days each year.

To solve domestic wastewater problems — a major source of water contamination — Nara's government has subsidized installations of municipal household-wastewater treatment facilities.

Wakayama

The performance of Wakayama's once-flourishing industries and businesses has been sluggish in recent years, resulting in a gradual improvement in air and water pollution that was produced during its period of industrial growth.

Wakayama is solving its waste problems through waste reduction, recycling, and improvements in waste disposal.

Hyogo

In recent years, increasing urbanization has caused air and noise pollution, water contamination, water run-off from golf courses and mounting waste, particularly in Kobe and the Hanshin area.

Hyogo's rich natural environment needs protection from deforestation and the over hunting of wildlife.

Okayama

Despite stricter legislation, poor quality air and water remains a problem in some areas of Mizushima, Okayama's only industrial area. The prefecture is solving some of its water quality problems, specifically eutrophication and contamination of Lake Kojima.

Customer care

Companies selling environmental products and technologies in Japan must be prepared to take action beyond simply attending exhibitions and seminars. Follow-up activities and product support are critical.

In a typical large Japanese corporation, it is unusual for a single individual to make a final decision about a new product. New product approvals are most often made using a council system that begins with an individual's boss and ends with company approval. Once final approval is granted, contract negotiations will begin. During this part of the process, proof of the product's performance may be required and possible improvements may be requested.

Continuous customer communication is the key to unlocking the Japanese environmental market.

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Food for thought

South China agri-food sector (part 1)

There is a basic lesson about China that foreign exporters should understand: the vast Chinese market is not a single market, but rather many markets, segmented into geographically, linguistically, culturally and economically diverse regions much like Europe. Success in one region is no guarantee of success in another. The South China region, for example, and the province of Guangdong in particular, implemented its open-door policy decades ago, and, as a result, now exhibits a standard of living and a market economy unrivalled anywhere else in China.

South China, with a population of 175 million (13.5% of China's total), comprises the four provinces of Guangdong, Guangxi, Fujian and Hainan, and includes the special economic zones Shenzhen, Zhuhai, Shantou, Xiamen and Hainan Island. Guangdong, with one half of South China's population, and the only province to share a border with both Hong Kong and Macau, is the keystone of China's market economy.

Over the last decade, Guangdong's economy grew 13% each year — equivalent to a GDP of \$5,000 per capita. In 2000, foreign trade volumes in Guangdong reached \$200 billion — more than 40% of China's total.

"Eating in Guangzhou"

As the capital city of Guangdong, Guangzhou has long been recognized as the Grand South Gate of China. The region's open-door policy and its geographic proximity to Hong Kong have combined to make Guangzhou the economic heart of South China, and a driving economic force in the rest of China.

Guangzhou, Beijing and Shanghai have the highest per capita disposable income in China, with Guangzhou's citizens spending over one third of their income on food-related items.

Eating out is part of their lifestyle and gives them considerable HRI (hotel, restaurant and institution) consumer clout. A famous Chinese saying vividly encapsulates Guangzhou as a food paradise: the expression "eating in Guangzhou" means "good food".

Moreover, Guangzhou has always welcomed imported goods. More than a thousand years ago, in the Tang Dynasty, Guangzhou served as a hub for foreign business, trading primarily with countries from Southeast Asia. Today, Western food is coming into favor, and restaurants and fast-food outlets like McDonald's, KFC and Pizza Hut can be found almost everywhere in cities like Guangzhou and Shenzhen.

The right retail ingredients

The retail food industry throughout South China, in particular Guangdong, is also well-developed. Guangdong's many wholesale markets serve as distribution centres for some 45% of China's trade. Panyu City in Guangzhou, for example, serves as a distribution centre for imported frozen food. Many of the largest and most famous retail giants on earth — such as Carrefour, Jusco, Makro, Park 'n Shop, Trust

Mart, Wal-Mart and 7-11 — have operations in Guangdong.

For Canadian agri-food exporters, Guangzhou is the perfect showcase for their products and expertise: reliable, cost-effective transportation and distribution channels, combined with suitable storage facilities.

A-c-c-e-s-s spells success

In 1961, grain was Canada's only export to China. Forty years later, in 2001, grain was only one third of our total exports to China — proof that Canadian exporters in other sectors have been working hard to develop business in this, the world's largest market.

With China's accession to the World Trade Organization (WTO) in

December 2001, Canadian agri-food exporters can expect plenty of fresh opportunities.

Access will be improved for Canadian edible oils, grains, feed ingredients, health foods (e.g. North American ginseng) and wine (e.g. icewine). Opportunities in the South China market will be centred on value-added food products such as health and functional foods.

Part two of this report will focus on specific opportunities for Canadian agri-food exporters in the South China region.

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