communications providers increase. Overall, increased domestic and international pressure for deregulation can only add to the growth of this market.

To add to this, relatively underdeveloped markets in Japan for the Internet and CATV services are experiencing solid growth. In March 1996, the Ministry of Posts and Telecommunications (MPT) announced that the number of CATV subscribers in Japan was up 800 000 from last year. Currently, 11.2 million households receive CATV in Japan — 26.9 per cent of total homes capable of receiving CATV. As of March 1996, there were 160 operators of 169 CATV provision stations. By March 1997, an additional 800 000 homes are expected to subscribe to CATV service.

The growing telecommunications services sector, such as systems integration support for Japanese products aimed at the North American market, gives Canadian companies an opportunity to develop strategic alliances that will in turn enhance their abilities to participate in major projects in Japan and in third countries.

There is a growing opportunity for Canadian products and services as the limited participation of foreign carriers in Japan increases and as NTT moves to complete the digitization of its switching facilities. A trend toward the provision of seamless international services between carriers provides another opportunity for Canadian equipment suppliers, systems integrators and service providers in the Japanese marketplace.

The mobile telecommunications market, defined as cellular phones and personal handyphone systems (PHS) continues to grow exponentially, with shipments estimated to be more than 16 million units in 1996, a growth of more than 6 million units from the previous year and triple the totals for 1991.

THE ACTION PLAN

The wide diversity of products, end-use applications and potential customers in Japan dictates a strategy focussed on support and advice to individual firms that wish to be active in the marketplace. The strategy is, therefore, to provide encouragement and market advice in Canada so that individual firms will evaluate their potential in Japan. The individual activities in the 1997/98 Trade Promotion Plan are primarily focussed on this approach. A second strand of the basic strategy is to continue to encourage and support joint Japanese/Canadian R&D and to improve the transparency of Japan's testing and certification procedures.

The Canadian government's services in Japan at Canada's Tokyo Embassy, and through the Consulate General in Osaka and the two regional Consulates in Fukuoka and Nagoya, are designed to provide individual support to firms, including market advice, introductions to suggested contacts, and suggested strategies and follow up.

Building Awareness and Market Knowledge

More than half of the best-selling software packages in Japan are foreign developed. Custom-built software applications dominated the Japanese market in the 1980s, but as consumers become more comfortable with software packages, the proportion of custom-built applications should drop to levels more similar to those in North America and Europe (30 to 35 per cent from more than 75 per cent currently). This trend should benefit Canadian software companies.

Canadian companies need timely information