Overview

Japan is Canada's second-largest trading partner and largest source of overseas tourism revenue. In 1995, two-way trade surpassed $24 billion, and exports alone increased by 24 per cent to $12 billion. Tourism generated a record $661 million, an increase of 20 per cent over the previous year. Japan is also Canada's third most important source of foreign direct investment, valued at $12.5 billion in March 1996, and the second-largest portfolio investor, valued at $43.5 billion in March 1996.

Canada's Action Plan for Japan defines a co-ordinated and business-led approach to expanding the Canada-Japan business relationship. This fourth edition of Canada's Action Plan for Japan outlines a strategy to realize opportunities in seven of Japan's highest-growth sectors: building products, fish and seafood products, processed food products, furniture, health care and medical devices, tourism, and information technologies. The strategy emphasizes the importance of increased knowledge and awareness of the Japanese market and adapting products and services to meet Japanese requirements. It outlines specific activities to help expand trade, investment and technology ties between Canada and Japan.

Several factors favour expanding and diversifying business between Canada and Japan, including the still relatively high-valued yen, continued economic restructuring and deregulation, increasingly value-conscious customers, a large pool of available capital and technologies, and a strong willingness on the part of the Japanese business community to develop partnerships with Canadian firms. Canada also has a lot to offer Japanese investors: a productive labour force, a highly developed and efficient infrastructure, a sound and open economy, and access to the entire North American market.

Canada's Action Plan for Japan will promote investment in sectors in which Canada has demonstrated particular strengths of interest to potential investors, such as building products, fish and seafood products, processed foods, furniture, health care products, tourism and information technologies. The Keidanren Business Partnerships Mission, which visited Canada in September 1996, should serve as a catalyst for further investment in Canada.

Promoting the development of technology-based partnerships is another vital component of Canada's Action Plan for Japan. Successfully adopting and adapting innovative technologies and processes can be key to success. Canada has leading technologies in a broad spectrum of sectors, including telecommunications and medicine, and Japan has world-class technologies in areas such as advanced materials and manufacturing. Technology-based partnerships in all sectors have played a key role in developing Canada-Japan trade.

Opportunities for increased business linkages are not confined to the seven sectors of the Action Plan. For instance, given the global reach of Japanese companies and the fact that Japan is the world's largest source of official development assistance, many diverse opportunities exist for Canadian involvement in Japanese projects in third countries. Targeting government support for business development in the seven sectors of the Action Plan reflects the need to focus limited resources where they will be most effective — in areas that offer significant opportunity and that parallel areas of demonstrated Canadian expertise.