

restaurants cater to greater numbers of clients. The recent downturn in the economy has increased competition for clients and restaurateurs are open to new ideas to maintain and expand their clientele.

The economic downturn has also reordered consumer priorities. Brand loyalty is giving way to price and quality. Discount stores, buying co-operatives, and other alternatives have sprung up to challenge the established retail distribution system. The food-service distribution system is also under pressure to reduce costs and direct buying is becoming more common.

Consumers are showing greater concern over food quality and purity. This is due in part to the increasing share of imported foods on the market but it also reflects the increasing health consciousness of an aging population. Food additives and chemical residues, for example, are as much a concern in Japan as elsewhere, and consumers are demanding nutritious, wholesome and natural food products. This trend is particularly important for Canada as we enjoy a good reputation for the quality of our food products and a clean pristine image.

The Japanese gift market, consisting traditionally of food items, continues to offer new opportunities. Of the ¥10 trillion spent annually on gifts, 80 per cent is for the purchase of food items. With the economic downturn, the gift market is shifting away from expensive, prestigious corporate gifts to less expensive personal gifts. The souvenir gift market continues to expand with the growth of international travel. In 1992, 11.7 million Japanese travelled abroad; visits to Canada increased 3 per cent to 495 000.

The regional markets of Japan often neglected by exporters are evolving. These markets, many of which have the purchasing power equal to some national economies, are establishing direct business linkages with overseas suppliers.

Trade partners continue to press Japan bilaterally, as well as multilaterally in the recently completed Uruguay Round of General Agreement on Tariffs and Trade (GATT) negotiations, to open its domestic market. Efforts to reduce tariffs, to eliminate non-tariff barriers, and to simplify importation procedures and distribution channels are beginning to show results as the markets for beef, dairy products and fruit juices have shown. The elimination of import quotas and barriers have led to a rapid expansion of the market despite, in some cases, extremely high initial tariffs.

The successful outcome of the Uruguay Round is expected to result in a major realignment of world agriculture trade. The export subsidy war between the United States and the European Community has distorted primary agriculture, leading to