

## Food Products and Pharmaceuticals

The Kansai region has a reputation for exceptional Japanese cuisine. It is natural, therefore, to find some major food processors there. In addition to producing meat, baked products and beverages, these firms import and distribute fish products.

Japan's pharmaceutical sector which has evolved from the 200-year-old sake/soya sauce industry is moving aggressively into such new strategic technologies as biotechnology. Recently, textile and chemical companies, that are experiencing fewer growth prospects, have been seeking new opportunities in biotechnology and health care.

## Small and Medium-Sized Businesses

Relative to the value of shipments, number of employees and factories, the Kansai has a comparatively large share of smaller-sized firms, most of which are active in the manufacture of textiles, machinery, metal and electronics products. Recently, however, the region's medium-sized trading companies have begun to adapt to the changing world economy and they are looking to source new products for import.

## Science City

Since the Second World War, regions like the Kansai have experienced a decline in relative economic importance within Japan because of the massive centralization in Tokyo. Kansai community leaders, however, are firm in their resolve to regain some of their economic clout.

Several large capital projects in the region are planned. The first is the construction of a "science city," which is expected to do for Osaka what Tsukuba, the science city 100 km north of Tokyo, is doing for the Kanto region. An important difference is that private rather than public research is being encouraged and concentrated. Two of the Kansai's important research organizations — the Advanced Telecommunications Research Institute which concentrates on artificial intelligence and optical telecommunications, and the International Institute which concentrates on basic research, particularly biotechnology — are at the core of the project. Several companies — namely Matsushita (consumer electronics), Fujitsu (telecommunications) and Kyocera (ceramics and new materials) — have already committed themselves to setting up research centres. By 1997, Kansai's science city is expected to house over 120 000 researchers, students and their families.

## Techno-Port

The creation of a "techno-port" in the Kansai will have a major impact on the area and will catapult it into the next century as a major Asian centre. The concept is to "plug" Osaka and the Kansai into the information sources of the world. In addition to hotel, conference, cultural and residential facilities, the techno-port will receive and consolidate information for distribution by optical cable throughout Osaka's subway and rail system. Not only will the project promote Osaka as one of Asia's financial centres, but the co-ordination and distribution of technological, trade and transportation information may even serve to lure some of the corporate head offices from Tokyo. The cost of doing business in Tokyo has skyrocketed due to staggering land prices and the congestion of its transportation and distribution networks.

## Kansai International Airport

When completed in 1993, the Kansai airport will be a showcase of Japan's high technology and challenge Narita (Tokyo's international airport) as the nation's international gateway. Locating Kansai's international airport offshore on a man-made island will significantly reduce the problems of pollution and noise that plague Narita. Further, the airport will operate around the clock, which is impossible in Tokyo. While passenger volume is expected to increase five-fold by 2010, it is the 13-fold increase in air cargo traffic that will have an even greater impact on local business.

Participation in the construction of the Kansai airport project has become an important political issue for the United States, which has been actively trying to change Japan's traditionally closed system of public procurement for construction projects, and thereby gain access to this and other capital projects estimated to be worth US\$50 billion over the next 10 to 15 years. Recognizing the need to open the Japanese market to foreign participation, the Kansai International Airport Company (KIAC) adopted the more transparent General Agreement on Tariffs and Trade (GATT) bidding rules for procurement on the project. The design and construction of air terminals and facilities is valued at approximately US\$2 billion and procurement for goods and services is already under way.

There is a perception in North American media and business circles that opportunities for export sales to the new Kansai international airport are minimal at best, because of Japan's closed tendering system for capital projects. In fact, the opposite is true and opportunities to provide equipment and services have never been better.