

Underlying structural changes are occurring in Japan. The main impact is a demand by the Japanese for more manufactured goods. Factors, such as a shortage of labour, working women, an aging population, a low birth rate and a demand for a better quality of life have combined to produce a very different market profile.

It is fair to say that Canada's export performance has been affected by other factors as well -- including fluctuations in prices and exchange rates, as well as a slowdown in the Japanese economy. All these factors have had an impact on foreign trade and export performance.

Canada's exports to Japan remain based on our resource strengths. Not only prices, but Japanese demand for these products, have declined. Although we have made inroads in sectors of high technology and highly processed goods, much still needs to be done.

Improving our exports will depend to large measure on Canadian business identifying opportunities in the changing Japanese market -- and responding to them.

Let me cite examples:

- ♦ marketing "heat and serve" food products to help the working couple;
- ♦ providing finished products, rather than raw materials, to respond to the shortage of skilled labour;
- ♦ supplying consumer and health care products demanded by the aging Japanese population; and
- ♦ forming strategic alliances with Japanese firms.

Some Canadian companies are responding.

Abegweit Seafoods Inc. of Charlottetown, P.E.I., exports processed frozen snow crab to the Japanese retail market. By entering into an alliance with a Japanese firm, they have been able to expand employment and increase price and market share. The firm is dedicated to meeting the exacting requirements of the Japanese seafood consumer. The company's success is attributable to developing niche markets and investing in new processing techniques. Eighty per cent of the company's export sales are to Japan.

Indal Technologies Inc., here in Mississauga, is another example. It designs and manufactures specialized defence aero-marine systems and targets its technology-intensive product to niche markets in Japan. A multi-million dollar sale to Japan of modification kits for a helicopter handling system increased total export sales in 1991 to over \$50 million. The company attributes its success to a commitment to becoming the world's leading supplier of shipboard handling systems.