

# 1 Executive Summary

Stretching just beyond the furthest edge of Tokyo's urban sprawl and northward 600 km to the tip of Honshu lies Tohoku. Throughout history, this northeast region sat on the sidelines of Japanese life. Today, thanks to major infrastructural improvements, it is fast becoming the site of new industrial development.

Although Tohoku's seven prefectures — Aomori, Akita, Iwate, Yamagata, Miyagi, Niigata, and Fukushima — take up almost 21 per cent of Japan's land mass, they account for only 10 per cent of the country's population. And like many neighbouring regions, Tohoku's population is on the decline. In an effort to stem the migration of job seekers, Tohoku has boosted attempts to create new job opportunities at home. Those efforts are now paying off. Not only has Tohoku been very successful in attracting new industry, in 1989, it led the country in new factory start-ups.

Tohoku's economy is 8 per cent of Japan's total gross domestic product (GDP). Double-digit growth in public works-related industries has stimulated the manufacturing sector — particularly in the automotive, food and construction industries. Toyota, Nissan and Isuzu, for example, have recently established automotive parts plants in Tohoku. As well, the region is home to a large semiconductor manufacturing community, with 74 plants clustered around the Tohoku and Route 13 expressways.

Richly endowed with mountains, forests and hot springs, much of Tohoku has the potential to become a playground for affluent Tokyoites. Less congested than the Japan Alps and the Izu peninsula — traditional weekend getaways for most metropolitan residents — the southern half of Tohoku is fast developing as the site of new ski resorts and other leisure facilities.

Sendai, Tohoku's major city, lies in the centre of a metropolitan area of 1.3 million people. By shinkansen (bullet train), Sendai is little more than 90 minutes from Tokyo. When fully completed, Sendai's port will offer Canadian business relatively uncongested sea access to Japan, approximately 500 km closer to Vancouver than the port of Yokohama, and rapid access to the national expressway system. With major improvements to expressway connections now underway, there will be direct connections to Kansai and Nagoya, as well as a second route into Tokyo by the end of the decade.

Bringing Sendai closer to Tokyo will have an expansionist effect on the economy, particularly on the "humanware" industries. One of Japan's leading software companies has announced plans for an R & D centre north of Sendai. Intelligent Cosmos Research, a consortium of industry, academia and government which has founded several major Japanese companies, will provide the basis for future technology and business development in the area.

Despite recent expansion of the industrial sector, primary industries are still the mainstay of Tohoku's economy. Internationalization is considered key to future development, and Sendai in particular is actively seeking international contacts. Tohoku regularly holds seminars to promote investment in the area and has been aggressively pursuing high-tech companies. As well, the newly opened Sendai International Cultural Exchange Center offers complete conference facilities and meeting rooms.

Canadian prospects in Tohoku are excellent. Supporting over 12 million people whose disposable income compares favourably with the rest of Japan, the region is an attractive market for a variety of consumer goods, as well as for forest and building products, minerals, fish and food products, agricultural technology and products, and research co-operation.

Comparable climatic conditions make Tohoku a suitable market for the Canadian 2 x 4 housing industry. Canada already supplies a considerable volume of pulp, lumber and wood products to the region, and demand is expected to grow as plants situated elsewhere in Japan relocate to Tohoku. Resort construction may also spur demand for Canadian lumber and for log-home systems.

Processors in Tohoku currently import a significant volume of copper concentrates and other minerals. Barring unforeseen market interruptions, it is expected that demand will continue to rise.

Canada's fish industry has benefitted from the preference of Tohoku consumers for a conservative diet based on traditional foods. And while tastes will undoubtedly change as more Western foods become available — thereby creating new markets for the Canadian food industry — it is expected that Tohoku fish processors will remain solid customers for Canada's catch.

Further development of Tohoku as a resort area will drive the demand for resort design expertise and for sports and leisure equipment and clothing — areas in which Canada is a proven supplier.