
PROCESSED FOOD PRODUCTS

Japan is the world's largest net importer of agriculture and food products. Agri-food imports totalled \$45 billion in 1992, a 6 percent increase over 1991. This reflects the underlying strength of the food and agriculture import sector that, despite the recent economic downturn, continues to grow.

With a 5-per-cent share of the market, Canada is Japan's sixth-largest supplier of agriculture and processed food products. Japan is Canada's second-largest single market. In 1992, our agri-food exports to Japan totalled \$1.48 billion, an 8.5 percent increase over 1991. The leading sectors included oilseeds, \$584 million (40 percent); grains, \$437 million (30 percent); meat, \$183 million (12 percent); processed food and beverage products, \$108 million (7 percent); feeds, \$96 million (6 percent); and other products, \$57 million (4 percent).

I. Market Opportunities

Agri-food imports will continue to grow as consumption rises faster than domestic production. The strength of the Japanese economy as reflected in the value of the yen, the above-average growth rate, and low inflation coupled with market liberalization will expand opportunities for Canadian exporters. Opportunities for semi-processed and processed foods in particular will grow as a result of the following trends.

Labour shortages, land-use policies, and price-support programs have driven up domestic production costs, making imports more competitive and have led to greater interest in establishing offshore production facilities.

Demographic trends such as the growth of two-income families are also having an impact. Family size is shrinking with the nuclear family and single households replacing the traditional extended family. The sharp decline of the birth rate has led to a "greying" of Japanese society. The affluence of seniors (55+) as well as the affluence of 20 to 35 year-olds is another key trend. The changes brought about by these trends are being felt throughout the food industry. They affect everything from package sizes to the distribution system as they determine how consumers spend their yen.

As a result of these demographic changes there has been an increased market for convenience foods as consumers have less time to devote to shopping and food preparation. This has also led to an expansion of the food-service sector as