

# Commercial Counselling On Japanese Market

When Marc Romoff, Minister-Counsellor (Commercial), Tokyo, was in Ottawa recently, *CanadExport* (CdExp in following interview) took the opportunity to discuss with him the prospects for Canadian exporters to Japan, a subject which, recently, has been receiving much coverage in our publication.

**CdExp:** *What potential does the Japanese market hold for Canada?*

**Mr. R.:** It is an extremely lucrative market; the second largest after the United States. Trade between our two countries totalled \$19 billion in 1993. Our exports were \$8.4 billion, an increase of 13 per cent over 1992, even though Japan was in the midst of a recession.

**CdExp:** *We have traditionally sold raw materials and staples to Japan. What are the prospects for further diversifying our exports?*

**Mr. R.:** Well, we are currently seeing a change in the approach taken by Japanese businessmen: with the scarcity and high cost of labour, they are finding it increasingly expensive to process resources themselves. Japanese imports of value-added products are, therefore, on the increase: imports of manufactured goods now stand around 53 per cent, as opposed to only 22 per cent in the early 1980s.

This shift in demand has led us to adopt a two-part trade strategy: we aim at maintaining our market share for exports of raw materials and staples; and increasing exports of value-added products. With this in mind, the Department of Foreign Affairs and International Trade, together with industry, has

identified seven priority sectors, which were listed in the April 1, 1994 issue of *CanadExport*.

These sectors are: **building products, fishery products, processed products, automotive parts, aerospace, information technology and tourism.**

That Canada is penetrating the agri-food sector, with sales of seafood, poultry, beef, beer, ice wines, raspberries, French fries, chocolates, and so on, is undeniable. We sold more than \$2 billion worth of foodstuffs in 1993. And with Japanese imports in this sector exceeding \$45 billion, there is room for much more growth.

**CdExp:** *What specific things should Canadian manufacturers seeking to get established on this market be looking at?*

**Mr. R.:** Quality and packaging. Concentrate on attractive packaging. Until very recently, high cost did not necessarily hinder sales; but the recession is pushing consumers to demand lower prices, although they do not want to sacrifice quality. The market trend in Japan is to bring prices down by having the producer deal directly with the buyer, thereby eliminating the middleman.

It is also very important to convince Canadian manufacturers to adapt their products to suit the Japanese market, not the reverse. If manufacturers are flexible and imaginative, they should generate considerable spinoff trade.

*(See page 4 for profile on Japan Food Market).*

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lead workshops on **Doing Business With CIDA, Women In Development and Environment-Market Opportunities.** Prime Minister Jean Chrétien, Secretaries of State (Raymond Chan) for Asia Pacific, and for Americas-Africa (Christine Stewart), have been invited to participate.

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