

1 Executive Summary

Nowhere in Japan does Canada enjoy a higher profile than in Hokkaido. Canadian visitors to the region speak of feeling "half-way home" — the climate, the terrain and, above all, the spaciousness of Hokkaido feel distinctly Canadian.

The inhabitants of Japan's most northerly major island share with Canadians the same problems and opportunities posed by a wintry climate and resource-based economy. Hokkaidans — whether they have travelled abroad or not — are highly aware of the parallels between their lives and the lives of Canadians.

Not surprisingly, these shared interests have forged numerous links between Canada and Hokkaido — most notably a sister relationship with Alberta and twinning relationships with four Alberta municipalities.

Halifax, Nova Scotia and Lindsay, Ontario also have "twins" in Hokkaido, as do eight British Columbia communities. Numerous other Canadian cities have co-operated with Hokkaido through the Northern Cities Conferences — an ongoing forum through which municipalities share their experiences and expertise in dealing with life in a cold climate.

Until completion of the world's longest railway tunnel in 1988, Hokkaido was separated from the main island of Honshu by a stormy strait. Consequently, it was largely ignored by Japan until the late 19th century. Since that time, successive governments have placed a high priority on developing the island's abundant natural resources.

But with an economy heavily dependent on natural resources, prosperity has remained a cyclical experience for Hokkaidans. After sharing in Japan's postwar development rush, many of the island's primary industries — particularly coal mining and agriculture — have been hard hit by rising production costs and the influx of foreign competition.

Located far from the Tokyo-Osaka economic axis, Hokkaido's list of complaints regarding regional economic disparity has a familiar ring to Canadian ears.

Nonetheless, the islanders are working hard to turn adversity into advantage. The lure of affordable greenfield industrial sites and plentiful labour supply are bringing secondary and high-tech industries to the region from Honshu and abroad. New ski and summer tourist resorts are mushrooming in Hokkaido's scenic wilderness. And, taking full advantage of the region's strategic position astride the great-circle air routes from Europe and North America to Asia, the new Chitose International Airport — an hour closer by air to Canada than Tokyo — will offer 24-hour service to freight forwarders and passenger carriers by the mid-1990s.

One issue that figures prominently in the island's future is Japan's relationship with the Commonwealth of Independent States (formerly the Soviet Union) — Hokkaido's neighbour across a 50-km strait. Although relations between the two nations have been deadlocked by the Soviet Union's occupation of the Kurile Islands, resolution of the issue and a consequent increase in trade with Sakhalin and Siberia would greatly enhance Hokkaido's economic prospects.

Although Canada's resource industries pose a competitive threat to Hokkaido — and island farmers are among the most vociferous opponents of import liberalization — longstanding links between Canada and Hokkaido have provided Canadian exporters with a foot in the door. Many solutions developed specifically to meet Canadian needs — resource extraction technologies, for example — may present good prospects in Hokkaido.

Current Canadian exports to Hokkaido include animal feeds, breeding products and expertise, specialized logging equipment, and fish for processing. There is also market potential for food processing equipment, chemicals and high-technology products.

And with Canada's reputation as a lifestyle model and supplier of leisure-oriented software already well established in Japan, Canadian leisure product manufacturers should profit from the flurry of resort development now underway on the island.

As projects such as the Seikan Tunnel and the new Chitose International Airport relocate the island's economy, Hokkaido could become Japan's "front door" by the turn of the century. If so, the region's demonstrated goodwill towards Canada, its proximity to this country and its lower costs relative to Tokyo could make the island an ideal base for Canadians doing business in Japan.