

3 General Business Information

For first-time Canadian exporters to Japan, the Kansai offers some important advantages. The region prides itself on blending the traditional and ancient cultures of Kyoto and Nara with the international flavour of Kobe around the commercial hub of Osaka. Kansai people value individuality, seek variety and greatly accept outside influences. Exporters will find the Kansai an excellent test market, especially since the costs of doing business there are slightly lower than in Tokyo.

Market penetration by foreign firms, especially those selling food and consumer products, is less in the Kansai than in Tokyo. Until recently, such firms have been content to accept Japan-wide distribution as meaning only Tokyo and its immediate area.

The Kansai has a reputation in Japan as being the home of a special breed of business person — one who bargains hard and is quick to make decisions. This is due in part to the large number of family owned and managed small- and medium-sized businesses. Decision-making therefore is typically rapid and runs from the top down. For a Canadian exporter, this may mean finding a partner whose company is of similar size, and who is more committed to pushing the Canadian product than major trading companies that commonly handle competing products of several exporters.

4 Export Sales Opportunities

The Canadian Consulate in Osaka has helped hundreds of Canadian exporters achieve sales success in a wide variety of product areas. The greatest commercial opportunities for Canada in the Kansai market lie in the areas of processed food and beverages, fish and building products. However, the high-technology sectors including telecommunications equipment, specialized machinery, instrumentation, computer products, peripherals and software also offer good potential. In biotechnology, OTC diagnostic products and services hold good prospects.

Aided by more disposable income, overseas travel and a spirit of "internationalization," momentum for imports is increasing. Japanese consumers are purchasing foreign-made goods at record levels, particularly processed food, fish, and beverage products, and such items as fashion garments.

Although the Japanese housing boom peaked in the late 1980s, the building products sector will provide export opportunities for at least the next decade as Japan upgrades its housing, which is still well below desired international standards. The Japanese have an excellent image of the Canadian housing industry and this image transfers directly to greater sales opportunities for manufactured wood products and building materials.

The Kansai International Airport project, scheduled for completion in the spring of 1993, is open to foreign participation. Opportunities exist for Canadian companies to supply a wide range of goods and services, and are not necessarily restricted to airport-related equipment.

Textiles, Chemicals and Shipbuilding

Historically, the Kansai region has been known for its high concentration in the manufacture of textiles and apparel. Textiles from the Kansai account for about 83 per cent of total Japanese textile exports, most of which are destined for South East Asia. Other basic materials and semi-finished product industries with a high concentration in the region include iron and steel, shipbuilding, machinery, chemicals and plastics. In recent years, competition from the newly industrialized countries, and low commodity prices worldwide, have depressed the economy in these industries and in many cases, has accelerated rationalization and diversification into totally unrelated fields.

Consumer and Industrial Electronics

The Kansai is home to three of the world's most famous consumer electronics firms — Matsushita (National, Panasonic, Technics), Sharp and Sanyo. There are also hundreds of smaller independent firms that provide the larger companies with component parts and sub-assemblies.

The deregulatory typhoon that destroyed the Nippon Telegraph and Telephone (NTT) monopoly in 1985 has allowed foreign countries unprecedented entry into the Japanese telecommunications market, valued at approximately C\$10 billion per year. NTT and other electric companies are moving rapidly to provide new telephone products and services such as facsimiles, data circuits and other forms of advanced communications.