II. The Japanese Market

Overview

The value of Japan's imports from all countries in 1993 was US$241 billion, an 85% increase over the 1985 level of US$130 billion. Canada's share of imports (Japanese figures) was 3.7% in 1985 and 3.4% in 1993. This declining share reflects the fact that most of Japan's growth in imports has been in the categories of manufactured products, whereas Canada's exports remain heavily weighted towards low value-added resource products. Although manufactured products are the fastest growing component of Canadian exports to Japan, Canadian exporters have yet to fully address Japan's changing import patterns. Doing so will be the main challenge of the coming decade.

Japan has a vast retail trade amounting to some 100 trillion yen (about Can $1 trillion) per year. Rapid demographic and other societal changes, some of which have been referred to above, have fuelled demand for an ever expanding range of goods and services and made Japan's consumer sector a dynamic and lucrative market for both domestic and foreign businesses.

Canada has traditionally been a major supplier of food products to Japan. This market, however, is also changing. Affluence and changing lifestyles have creating a rapidly expanding demand for foods that offer convenience (e.g. ready to serve) and variety, as well as for specialty, high value food products. A large number of Canadian food products, entirely new to the Japanese market, have been successfully introduced in recent years. While significant restrictions do remain, many areas of Japan's food market previously inaccessible to foreign suppliers have opened up in the last few years.

Building products, especially finished components, have a strong market in Japan. Particularly attractive is Japan's housing market, which is evolving at an extraordinary rate under pressure from a society demanding housing commensurate with its new affluence. Unable to meet the demand with traditional products and techniques, builders are ever more willing to consider innovative and foreign, products and solutions.