

CANADA/JAPAN TRADE IN MANUFACTURED GOODS

Canada exports a wide range of manufactured goods to Japan: from gold coins and fur garments in the consumer goods area, to specialized semiconductors and computer products in the electronics area, to software and consulting in services and to simulators, helicopters and engines in the aerospace industry.

The Japanese market offers growing opportunities to Canadian exporters of manufactured goods and services, particularly in automotive parts and accessories, telecommunication equipment, defense equipment, computer software, energy conservation and pollution control equipment. Furthermore, Japan has enormous industrial cooperation potential in terms of direct investment, technology transfer, licensing, joint ventures, subcontracting and third country co-operation.

Yen appreciation in its simplest dimensions means Canadian products have never been cheaper in Japan. The effects of yen appreciation and trade friction are continuing to be measured very consciously by Japanese business circles. For Canada, this is creating opportunities in areas of trade promotion and industrial development (with the latter encompassing both investment and industrial cooperation).

Nevertheless, certain features of Japanese business practice, such as the distribution system and propensity to protect well-established supplier relationships, have mitigated against dramatic shifts to date. However, certain trends beneficial to Canadian business have been observed. For example, many export-dependent companies in the electronics and automobile sectors have announced plans to increase their offshore procurement and investment programmes.

Structurally, the Japanese economy is adjusting with an expanding service sector and a move into higher value-added product manufacturing. The liberalization occurring in areas such as the telecommunications field is also providing a more favourable environment for foreign, including Canadian, suppliers.

1987 marked a good year for the export of manufactured goods to Japan. The following list illustrates the growth in export value in 1987 as compared to 1986: leather and leather - fabricated materials (+226%), textiles (+95%) chemicals (+9%), special industry machinery (+40%), agricultural machinery (+15%), transportation equipment (+35%), televisions, radios and phonographs (+520%), electric lighting and distribution equipment (+38%), apparel and accessories (+28%), toys, games, sporting recreation equipment (+30%), medical ophthalmic, and orthopaedic supplies (+121%) and photographic goods (+6%), containers and closures (+52%).