

Conditions, however, are changing. In 1985 a slowdown in the U.S. economy, combined with the rapid appreciation of the yen, had a significant negative effect on the Japanese electronics industry. Export-dependent sectors that had spectacular growth in 1984 were particularly hard hit. As the yen rose (and continues to rise) to record heights, industry earnings declined dramatically, despite good domestic demand increases. Demand in consumer electronics, the driving force behind electronics growth, edged-up only slightly, except in a few "hot product" areas. In the area of semiconductors and hybrids, production was down as exports declined in line with the increase in the value of the yen.

Japan has been forced by events to review its approach to international activity in the electronics and microelectronics areas. It has begun to expand its overseas contacts and activities to overcome the problems it faces with the new international order of economic affairs. Traditional relationships of vendor to customer are no longer adequate, with the result that new approaches and opportunities are being investigated that will frame the Japanese response in international electronics and microelectronics in the future. It is within this volatile context of change, opportunities and new potential that representatives of Canadian business and government undertook the first microelectronics mission to Japan.

This mission forms a part of the two-pronged government initiative to discover and take advantage of opportunities for cooperation between Canadian and Japanese companies in selected industrial sectors. In September, 1985, the Minister of Regional Industrial Expansion (DRIE) and the Minister of Japan's Ministry of International Trade and Industry signed an agreement for the promotion of industrial cooperation between the two nations. This agreement was aimed at encouraging joint ventures, licensing agreements, joint research and development and two-way investment. Of the nine sectors originally selected for possible cooperation, three were immediately agreed to. Microelectronics was one of the three - a clear indication of how important it is considered to be by the two countries.

The second element in the dual initiative is the Technology Awareness and Acquisition Project - Japan, or TAAP-Japan, of the Department of External Affairs (DEA). Its purpose is to have Canadian companies obtain first-hand experience and information about Japanese companies and institutions and the products, processes, practices and production technologies that are of immediate applicability in improving the competitive abilities of Canadian industries.