

Fukuoka prefecture has just opened Japan's third "science city" after Tsukuba, northeast of Tokyo, which will serve Kyoto, Nara and Osaka.

The Government Industrial Research Institute is researching new materials, coal gasification and liquification, while the Chemo-Sero-Therapeutic Research Institute has put almost 1 000 researchers to work in a wide variety of areas, including human and veterinary vaccines.

Opportunities for Canadian exporters in Kyushu's software sector look most promising. The industry is expanding, accepts foreign input and has government support.

Canadian software manufacturers should therefore consider Kyushu as a solid base for Japanese software development. Other existing opportunities are likely to multiply as Kyushu's transition from smokestack industries continues.

Retail and Distribution

The value of food and non-durable consumer goods imports skyrocketed by 313 per cent in dollar terms and 191 per cent in terms of the yen between 1985 and 1987. Consumer durables also showed substantial growth at 221 per cent and 138 per cent, respectively.

Food makes up more than two-thirds of all imported consumer goods. The total of imported consumer product sales in 1987 grew by 1.68 times compared to that of 1985 (¥1.47 trillion to ¥2.49 trillion). Such statistics indicate that Kyushu's large and increasing consumer market offers considerable potential for a wide range of Canadian consumer products.

Table 10 shows wholesale and retail trade to be more or less equal, while overall figures roughly match the "10 per cent of the nation" equation.

Retail sales in Kyushu are high, department stores recording a 7.3 per cent sales increase in 1989 and other chain stores experiencing a 4.3 per cent rise. In 1989, department store sales reached ¥803.5 billion and self-service outlet sales reached ¥845.7 billion.

While Kyushu regional chains are strong, national operations are also improving in the area. Mini-supermarkets and 24-hour convenience stores are new concepts which are expanding in the region. To date, Kyushu has over 217 000 retail stores and more than 48 000 eating and drinking establishments.

Consumption patterns in Kyushu resemble those in the rest of the country. Retail sales are divided as follows: 31.9 per cent food and beverages, 12.8 per cent general merchandise, 10.5 per cent motor vehicles, 10.4 per cent dry goods, 8.9 per cent furniture and 25.4 per cent other goods. Market penetration is slightly lower than the national average in most consumer durables and significantly lower in electric ranges, stereos, warm air furnaces and compact disc players.

Whereas in the past, the principal duties of branch offices had been sales promotion of domestic items and imports, the major trading companies are now delegating their Fukuoka offices more autonomy in handling imports.

The appreciation of the yen, increasing domestic disposable income and limited growth prospects in traditional lines of business call for new strategies, significantly more local decision making to meet the needs of local buyers.

The most active and receptive trading companies that are in a position to promote direct Canadian exports to the region include Sumitomo, Nichimen, Mitsubishi and Mitsui. The firms which have maintained tight Tokyo-based control include C. Itoh, Kanematsu Goshu and Nissho Iwai.

Fukuoka's Chamber of Commerce membership list reveals that roughly 100 major local companies with head offices in the City of Fukuoka are actively engaged in the direct purchase of imports of interest to Canada. Processed food, machinery, and forest products are examples.

Table 10

Number of Enterprises by Location of Head Office — 1986

	Wholesale Trade	Retail Trade
Japan	4 464 840	1 148 399
Kyushu	296 034	115 658
Yamaguchi	28 325	14 145
Total	324 359	129 803
(Fukuoka)	172 885	41 714)