

## **Tourism**

Incentives to travel include a substantial appreciation of the yen against foreign currencies, a five-year program that encourages outbound travel, changes in Japanese lifestyle and extremely competitive promotional efforts by the Canadian travel industry. Despite the slowing of economic growth, industry observers predict that by the year 2000, over 20 million Japanese citizens will travel overseas annually. To expand and enhance tourism between Canada and Japan, the two governments have announced a program called "Two-Way Tourism 21." The program represents a co-ordinated effort to promote broad-based international tourism now and into the 21st century. While the major objective of increased revenue generation will be met partly through increased arrivals, another key variable of the strategy is to increase spending per trip. Targeting high-yield Japanese travel segments will continue to be emphasized.

## **Consumer Products**

### **Medical**

The Japanese Ministry of Health and Welfare estimates that, by the year 2025, 25.8 percent of the Japanese population will be over 65 years of age, compared to 13 percent now. In 1991, the sale of health-care products for the aged was valued at 88 billion yen. This market has experienced an annual growth of 5 percent to 6 percent since 1985, and it is expected that the rate of increase in demand will remain the same for the next 10 to 15 years. In 1989, the Japanese were spending an average of \$1160 a year for health-care products.

Japan ranks as the second-largest market for imported medical devices, with imports of US\$2.9 billion in 1993 (United States Department of Commerce statistics). As the Japanese market ages, the government is planning increased expenditures for improved home health-care products and services for the elderly and handicapped. Most promising subsectors are diagnostic imaging equipment, dental equipment and supplies, implant devices, home health-care products and emergency medical equipment. The products in greatest demand are wheelchairs, hearing aids, disposable diapers, rehabilitation equipment and portable toilets.

### **Furniture**

The current share of imported residential furniture in the Japanese market is about 10 percent. Japanese furniture imports for the first six months

of 1994 hit a record high of 106.1 billion yen, an increase of 19.8 percent over the same period in 1993. Most imports came from Taiwan, Thailand and Indonesia (71 percent), with the remainder shared almost equally between Europe and North America.

As the market for imported furniture in Japan increased, Canadian furniture exports to Japan rose from \$3.2 million to \$6.8 million between 1991 and 1994. In the first six months of 1995, exports reached \$4.7 million, an increase of 32 percent over the same period in 1994. The increase is credited to Japanese interest in North American products, the low value of the Canadian dollar and the high cost of manufacturing in Japan. Driven by the price-conscious consumer, manufacturers, wholesalers and larger retailers are adding imported furniture to their product lines. Currently, imported wooden furniture has 6 percent of the market, but recent sales of upholstered furniture, furnishings and mattresses are promising. However, high freight costs (to Japan and within Japan) remain a problem.

Institutional and contract furniture sales prospects are brighter. Japan is committed to increasing its hospital/residential care facilities, and the hotel/restaurant sector is healthy. The office furniture market is stagnant as the recession affects the economy, but several Canadian companies have found a good market for their products in Japan.

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## **China and Hong Kong**

### **Introduction**

Economically, the China region, including Hong Kong, has been growing exponentially, with China's gross domestic product (GDP) growth in 1994 reaching 11.8 percent. China's world trade position improved in 1994 with an export growth rate of 32 percent, reversing its 1993 trade deficit.