

THE REGIONAL FOCUS IN JAPAN **INCREASING BUSINESS OPPORTUNITIES FOR CANADIANS**

Since the Plaza Accord of 1985, the Japanese market has undergone significant changes. Due to factors such as yen appreciation, a policy of domestic demand stimulation, and a more open import regime, the Japanese market is evolving into an amalgamation of regional markets, similar to the United States.

The Japanese government is actively promoting a "U-Turn" program directed at reversing the flow of industrial development to the Tokyo area and enticing the population segment of 30 and 40 year-olds to return to the outlying areas of Japan. Trade patterns also are shifting. Increasingly, there are direct trade ties with Japan's regional markets. Regionally-based companies are pursuing commercial relationships more aggressively with their foreign counterparts. New transportation projects, including major international airports, are being constructed in various areas to foster these trends.

Wealth in Japan is relatively evenly distributed among the majority of Japanese who consider themselves middle class. Years after the post-war period of deprivation, the Japanese are finally beginning to realize affluence concomitant with their per capita buying power. Predictions of a US\$40,000 per capita GNP by the year 2000 support the concept of Japan as a "nation of 21st Century aristocrats".

This wealth does not reside solely in Tokyo. Japan's economic activity is still concentrated in the Tokyo (Kanto) and Osaka (Kansai) regions which produce over half of the GDP and contain about 60% of the population (a separate brief on the Kansai and Canadian business opportunities follows). The other regional markets together, however, produce annually more than US\$1,000 billion, representing a GDP greater than that of the United Kingdom or France or Italy.

Apart from the size of the markets themselves, there are several advantages to pursuing business opportunities in Japan's outlying regions. There is more possibility for contact with the small- and medium-sized businesses which often seem to be buried among the large corporations in Tokyo. Regionally-based companies are increasingly international; trade flows through regional centres are now beginning to reflect this, as more foreign firms bypass Tokyo and Osaka to establish commercial linkages in other centres. Import penetration of these regional markets is not as high as in Tokyo or Osaka, so there should be potential for proven products and services, as well as new ones. In addition, operating in regional markets is certainly less expensive than in Tokyo, where the cost of doing business is still the highest in the world.