

## IBOC: Trade leads

### ETHIOPIA — Diesel Generator

**Units** — The government-owned Ethiopian Electric Power Corporation invites sealed bids from eligible bidders for the supply of diesel generator units (contract-E-CIF Djibouti). Goods to be procured include, but are not necessarily limited to, the following: 1) two 450-kW diesel generating units with all accessories; 2) 15-kV metal-clad switch board with all accessories; 3) remote control and protection relay panels; 4) low voltage power and control cables; 5) all required protection, control, measuring and metering equipment; 6) 24-V batteries with all accessories. Bidders must provide proof of (a) minimum

five years experience designing and manufacturing diesel generators; (b) ISO-9001 or ISO-9002 certification, or equivalent; (c) financial standing and banking references. Cost of bid documents (non-refundable): US\$50. Bid security: 2% of bid price. Closing date: **June 17, 2002**. For more information, contact the Manager, Procurement Division, Ethiopian Electric Power Corporation, Head Office, 2nd Floor, Room No.207, Degualle Square, Addis Ababa, Ethiopia, P.O. Box 1233, tel.: **(011-251-1) 56-00-27**, fax: **(011-251-1) 55-08-22**. Also contact Telahun Workeneh, Commercial Officer, Canadian Embassy, Addis Ababa, fax: **(011-251-1) 71-30-33**, e-mail: **telahun.workeneh@dfait-maeci.gc.ca** quoting case no. **020419-01774**. (Notice received from the Canadian Embassy in Addis Ababa.)

### SYRIA — Spare parts for Type

**320 Locomotives** — Syrian Railways has an urgent requirement for spare parts for type 320 locomotives. Cost of bid documents: US\$50. Bid bond: US\$8,000. Performance bond: 10% of contract value. Closing date: **May 18, 2002**. For more information, contact Nidal Bitar, Commercial Officer, Canadian Embassy, Damascus, fax: **(011-963-11) 611-4000**, e-mail: **nidal.bitar@dfait-maeci.gc.ca** quoting case no. **020421-01784**. (Notice received from the Canadian Embassy in Damascus.)

### INDIA — Audio Frequency Track

**Circuit** — The Mumbai Railway Vikas Corporation Ltd. (MRVC) invites sealed bids for the design, supply, installation, testing and commissioning of a remote audio frequency track circuit system (IFB no. MRVC/S&T/AFTC/2002/1). Cost of bid documents (non-refundable, available until June



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17, 2002): US\$200. Bid security: Rs2.5 million (or equivalent in freely convertible currency). Closing date: **June 18, 2002**. For more information, contact Vinod Kumar Agrawal, Dy CSTE/MRVC, Mumbai Railway Vikas Corporation Limited (MRVC), Churchgate Station Bldg., 2nd floor, Mumbai, India 400020, tel.: **(011-91-22) 201-4623**, fax: **(011-91-22) 209-6972**, e-mail: **cstemrvc@vsnl.net** Also contact Amitabh Arora, Commercial Officer, Canadian Consulate, Mumbai, fax: **(011-91-22) 287-5514**, e-mail: **amitabh.arora@dfait-maeci.gc.ca** quoting case no. **020311-01058**. (Notice received from the Canadian Consulate in Mumbai.)

IBOC opportunities: **www.iboc.gc.ca**

## Entering the Japanese housing market Windows of opportunity

**A**n estimated one million new homes are built every year in Japan — more than seven times the number built in Canada — generating annual sales of over \$200 billion. Despite a 4% overall dip in new housing starts in 2001, the number of two-by-four homes built in Japan actually increased, a welcome sign for Canadian suppliers of housing and building products.

### Market overview

Home building is popular in Japan, for reasons both economic and cultural. Although land is expensive, Japanese *zairai* (post and beam) houses can be erected quickly and inexpensively because they require only basic building materials (e.g. no insulation or basement). Unlike North American homes, these structures tend to depreciate. Given that the land is more valuable than the house itself, the Japanese often prefer to "demolish and re-build": A family home passed down to offspring is typically razed — and another raised in its place. This is why today the average age of the typical Japanese home is about 26 years — and why only 11% of used homes are on the market (compared with 75% in the U.S.).

With the downturn in the Japanese economy, however, this practice has become less feasible. The Japanese are now focused on building quality into their existing or new homes to add long-term value, while keeping costs as low as possible.

Certain areas, such as the Kansai region (which includes Osaka, Kyoto and Kobe), are experiencing a housing boom. Forecasts predict more than 200,000 housing starts during 2002 in this region alone.

The high-rise condo market is heating up as well: in 2001, some 16,000 high-rise condominiums were built. To meet growing demand among Japanese urban professionals, this number is expected to increase to about 23,000 in 2002.

### Cost-conscious consumers

Canada is Japan's most important supplier of prefabricated buildings, its second most important supplier of wooden windows, and third supplier of wooden doors. Overall, Canada cornered over one quarter of the 10,000-home import market. Opportunities continue to exist for Canadian companies targeting the high-end value-added building products market.

Canadian suppliers should be aware, however, that with the exception of this high-end segment, Japanese consumers have become increasingly price sensitive. They now insist on "super low cost" homes — but are not prepared to sacrifice quality. The average price per *tsubo* (3.3 m<sup>2</sup>) of an imported home has fallen 20% since 1992, with many companies now aiming to break through the 300,000-yen-per-*tsubo* price barrier. This market includes super low cost *zairai* homes and small (100 m<sup>2</sup>) two-by-four homes that are simple yet attractive. It may be difficult for Canadian companies to compete in this very low end segment.

### Built-in quality

In recent years, the emphasis in the construction market has shifted from quantity to quality, supported by Japanese public policy and industry initiatives that promote energy-efficient and "healthy" buildings.

The Ministry of Land, Infrastructure, and Transport (MLIT) has introduced

the Housing Quality Assurance Law (HQAL) which includes a mandatory ten-year warranty system plus a voluntary housing performance indication system for new housing. Moreover, MLIT plans to introduce a quality assessment system for used homes designed to boost the resale market by encouraging owners to maintain their houses in prime condition.

The emphasis on high-quality, healthy housing may increase the recognition of the long-term value of wood homes — and spur wood construction.

### Opportunities

To view opportunities with two of Japan's major importers, visit Emachu Plywood ([www.emply.co.jp/top\\_e/index\\_e.html](http://www.emply.co.jp/top_e/index_e.html)) and Maruhon ([www.maruhon.com/bizsummary.htm](http://www.maruhon.com/bizsummary.htm)).

To view detailed reports on the Japanese housing market, visit the Canadian Trade Commissioner Service Web site ([www.infoexport.gc.ca](http://www.infoexport.gc.ca)) and follow the links to "Building Products - Asia Pacific-Japan".

**For more information**, contact John Zimmerman, Trade Commissioner, Canadian Embassy, Tokyo, tel.: **(011-81-3) 5412-3267**, fax: **(011-81-3) 5412-6327**, e-mail: **john.zimmerman@dfait-maeci.gc.ca** or Joy R. Vicente, Trade Commissioner, Japan Division, DFAIT, tel.: **(613) 995-1678**, fax: **(613) 944-2397**, e-mail: **joy.vicente@dfait-maeci.gc.ca**

(For the unabridged version, see [www.infoexport.gc.ca/canadexport](http://www.infoexport.gc.ca/canadexport) and click on "A Yen for Japan".)



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Circulation: **60,000**  
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*CanadExport* is published twice monthly, in English and French, by the Department of Foreign Affairs and International Trade (DFAIT), Communications Services Division.

*CanadExport* is available in Canada to interested exporters and business-oriented people. For a print subscription, call **(613) 992-7114**. For an e-mail subscription, check the *CanadExport* Web site above.

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Mail to:  
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Department of Foreign Affairs and International Trade  
125 Sussex Drive, Ottawa K1A 0G2.

ISSN 0823-3330

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