Perhaps most significant for Japan's trading partners are recent major structural changes in Japan's economy prompted by the rapid revaluation of the Yen in 1985-86. This substantial currency appreciation, together with growing labour shortages, increased competition from other countries producing industrial products and other factors have forced a major restructuring of much of Japanese industry. This process has included intense efforts to reduce costs. Investment in production in lower cost countries has been rapid and industry has become increasingly concentrated in more technology intensive and higher value-added sectors, where Japan's comparative advantage is greater. Added to these factors has been the impact of a growing demand for foreign products by Japan's increasingly affluent consumers and a Japanese market much more open to foreign products than in the past, the result of both foreign pressure and economic necessity.

Japan's total import levels rose from US$130 billion in 1985 to US$241 billion in 1993 and the long term expectation is that this growth trend will continue. Equally important is the fact that Japan's import preferences are shifting rapidly towards high technology, high value-added products. **Manufactured goods had only a 20% share of Japan's imports in 1982. By 1993, this share had risen to 52%. The message these trends contain for exporters to Japan is that the most promising growth opportunities are now in value-added products. The market for unprocessed materials, while of vital importance to Canada's overall trade performance, will show little growth.**

Other factors exporters should keep in mind are the rapid demographic and social changes underway in Japan and their impact on the national economy. Japan's birthrate is among the lowest in the industrialized world. Among the consequences of this fact are a serious labour shortage, with all the implications that has for industry and a rapidly aging population which will require a major expansion of the present medical care system. Also on the social front, Japan's now affluent society is showing a far greater disposition than at any time in the past to invest its resources in leisure activities. Associated industries, including travel, entertainment, recreation, etc. are expanding dramatically.

Also not to be disregarded by Japan's trading partners are present and planned major public sector investments. Japan's infrastructure has seriously lagged behind the overall economic growth rate and trillions of dollars are to be invested in upgrading roads, bridges, rail systems, ports, telecommunications facilities and the like through the 1990s.