
I. Introduction

Japan's economy is changing. Since the mid 1980s, the yen has strengthened steadily, a concerted import expansion policy is breaking down old barriers and a newly affluent consumer society is buying foreign goods as never before. Traditionally an export driven economy, Japan has evolved into a dynamic and broadly based domestic market with a growing appetite for imports, offering unique and profitable opportunities for foreign suppliers.

Establishing one's company and products in the Japanese market is not easy. Indeed, few markets in the world are as costly or as time consuming to enter. The benefits of success, however, can be considerable. A rapidly growing number of Canadian exporters are finding that Japan is not just accessible, despite the initial effort and expense required, but that it is also a stable and highly profitable market. Many companies have learned, moreover, that participation in the Japanese market is indispensable to a global business strategy. More than just a lucrative market in itself, Japan is increasingly the market in which new products, new technologies and new business techniques first appear. Exporters wanting to improve their competitive position, both at home and in export markets globally, need to be in Japan.

The Japanese Economy

Japan is an archipelago roughly 30% the size of Ontario with a population of approximately 125 million. Japan's economy has enjoyed almost uninterrupted strong economic growth in the post war period and, by the early 1990s, was the world's second largest economy, surpassed only by the U.S. economy.

Japan's average economic growth rate through the 1980s and into the early 1990s has been the highest among the major industrialized countries. Despite an important period of economic adjustment in the late 1980s and a slowdown in growth during the early and mid-1990s, Japan's economic fundamentals remain solid and strong growth through the late 1990s seems assured. Indeed, there are those who predict that Japan's economy could well be the world's largest by early in the next decade.