AGRICULTURE, FOOD PRODUCTS & RELATED:
Processed Food & Beverage

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Market Opportunity:
Japan is the world's largest net importer of agriculture and food products. In 1992 purchases totalled $45 billion, a 6% increase over the year before. With the Yen projected to remain strong and a politically-supported opportunity for foreign suppliers to compete effectively with a less-efficient Japanese agri-food sector, these levels of import penetration will continue to expand. Building on Canada's established role as a reliable supplier of quality primary agricultural products remains fundamental. The required institutional and corporate linkages necessary to ensure proper management of the trade relationship in these products are generally well established and operate effectively (e.g. annual canola consultations, "informal" agricultural consultations, etc.). The principal opportunity areas for Canadian exporters in the processed subsector are to be found in value-added niche markets, the mainstream retail trade (over the longer term and in tandem with established Japanese partners) and the HRI sector, to exploit the vast Japanese foodservice and hospitality sector.

Supplier Capability:
Japan is Canada's second-largest country market. Our agrifood exports to Japan totalled $1.5 billion in 1992 (up 9.6% over 1991). We are that country's sixth largest supplier, accounting for a 5% share of the market. Canada's ability to meet the supply requirements (quantity, reliability, quality and price) for traditional agricultural exports to the Japanese market is well established. For example, some 90% of our canola exports representing approximately half of Canada's production goes to Japan. Oilseeds, grains, red meats and feeds are proven export commodities and account for nearly 90% of our total sales.

The difficulty of translating this achievement in primary product exports to the development of products capable of meeting the specific demands of the Japanese processed food market is often not appreciated. Nevertheless, common sense dictates that such products would benefit from a viable domestic sales base, a successful export record to more traditional/better understood markets, a reformulated product to meet Japanese tastes, a reoriented marketing approach to coincide with Japanese business practices, and sufficient quality and supply capabilities to capitalize on both initial and follow-on opportunities.

Action Plan:
Develop a broader awareness of traditional Japanese consumer behaviour and requirements, coupled with an understanding of new/emerging trends affecting demand in the marketplace, by improving the timeliness, quality and distribution of market intelligence and research, and by translating major demographic projections into supply opportunities (eg. such as those in the convenience food segment).