

Japan's Kyushu/Okinawa region is home to 15 million people, and accounts for five of Japan's top 20 cities, all of which have metropolitan populations in excess of 600,000. The region's GNP is higher than those of Australia and New Zealand combined, and is greater than that of any other Asian country, other than China. In

Kyushu boasts a mix of large, medium and small corporations, which represent a good match for Canadian exporters, especially SMEs. There is less foreign competition here than in many other areas of Japan, thus increasing opportunities for Canadian firms to engage in a business relationship with a local firm and potentially

Kyushu regional market

terms of purchasing power, the area is equivalent to Ontario and Quebec, but is concentrated in an area smaller than Nova Scotia.

Kyushu was the birthplace of Japanese industry: Bridgestone, Nippon Steel, Mitsubishi and other giant corporations. Today, it is known as "Silicon Island" because more than 40% of Japan's integrated circuit production is concentrated here.

Fukuoka, Japan's fourth largest urban centre, is considered by both Japanese and U.S. corporations to be the best market to test new products in Japan because of its demographic profile and openness to new products.

Opportunities

In terms of volume, Canada exports mostly raw materials to Kyushu, such as coal, lumber, grains, beef and canola. These bulk commodities tend to be imported by large Japanese trading houses that purchase these products through their own Canadian offices.

With gradual deregulation, the weakening grip of large trading firms on Japan's import and wholesale sectors, and the fact that Kyushu is very remote from Tokyo, markets are developing for direct imports of more value-added goods, such as processed foods, beverages, building materials, furniture and clothing.



accelerating the rate at which some deals are struck.

Local companies tend to be more receptive than their counterparts in larger cities/central areas, and they tend to be very interested in acquiring new items to differentiate themselves from the competition.

Because the Kyushu region attracts relatively few non-Asian business visitors, Canadian company representatives usually have easier access to decision makers than they would in Tokyo or Osaka.

A recent development in the Kyushu food and consumer product sector was the opening of the country's first Costco store in the spring of 1999. The concept is new to Japan but the company is reporting growing sales and is planning to open more stores in Japan. A number of Canadian products are already on the shelves, and are selling well. Canadian firms that are interested in Costco as an outlet for their products in the Japanese market should check with the Canadian Consulate in Fukuoka for Costco contacts.

Constraints

Canadian companies interested in exploring this market should be aware of the following constraints:

1. **Product adaptation:** Business success in Kyushu (and Japan in general) will depend on the exporter's flexibility in adapting products to meet scrupulous Japanese preferences and buyers' specifications (taste, packaging).
2. **Establishing good relationships:** Kyushu businesspeople attach a high importance to this aspect. Relationship building requires frequent trips to the region.
3. **Language:** The probability that buyers in Kyushu will speak English fluently is lower than in Tokyo or Osaka.
4. **Lack of import experience:** Many potential Kyushu buyers have little experience with import procedures, having traditionally relied on trading houses. The more the exporter is willing to assume the burden of getting the imported product to the buyer and shouldering the associated risks (e.g. currency fluctuations), the better the chances of entering into a direct relationship.
5. **Shipment size:** First-time orders by Kyushu buyers are often not large enough to achieve economical shipping units (i.e. full container loads).
6. **Service:** After-sales service is an important aspect of any transaction; customers value easy access to someone who can understand their requests and take appropriate action quickly.
7. **Others face these barriers too:** Put in the effort, be creative, propose solutions, and you may get ahead of your competitors!

Success stories

One of the largest Japanese importers of Canadian beef is a Kyushu company, and a Kyushu restaurant chain is importing 15,000 cakes (two containers) from Canada each month.

Two Kyushu airlines have purchased Canadian DASH-8 aircraft (well-suited to serve the region's numerous small islands).

There are a number of housing developments across Kyushu, where

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