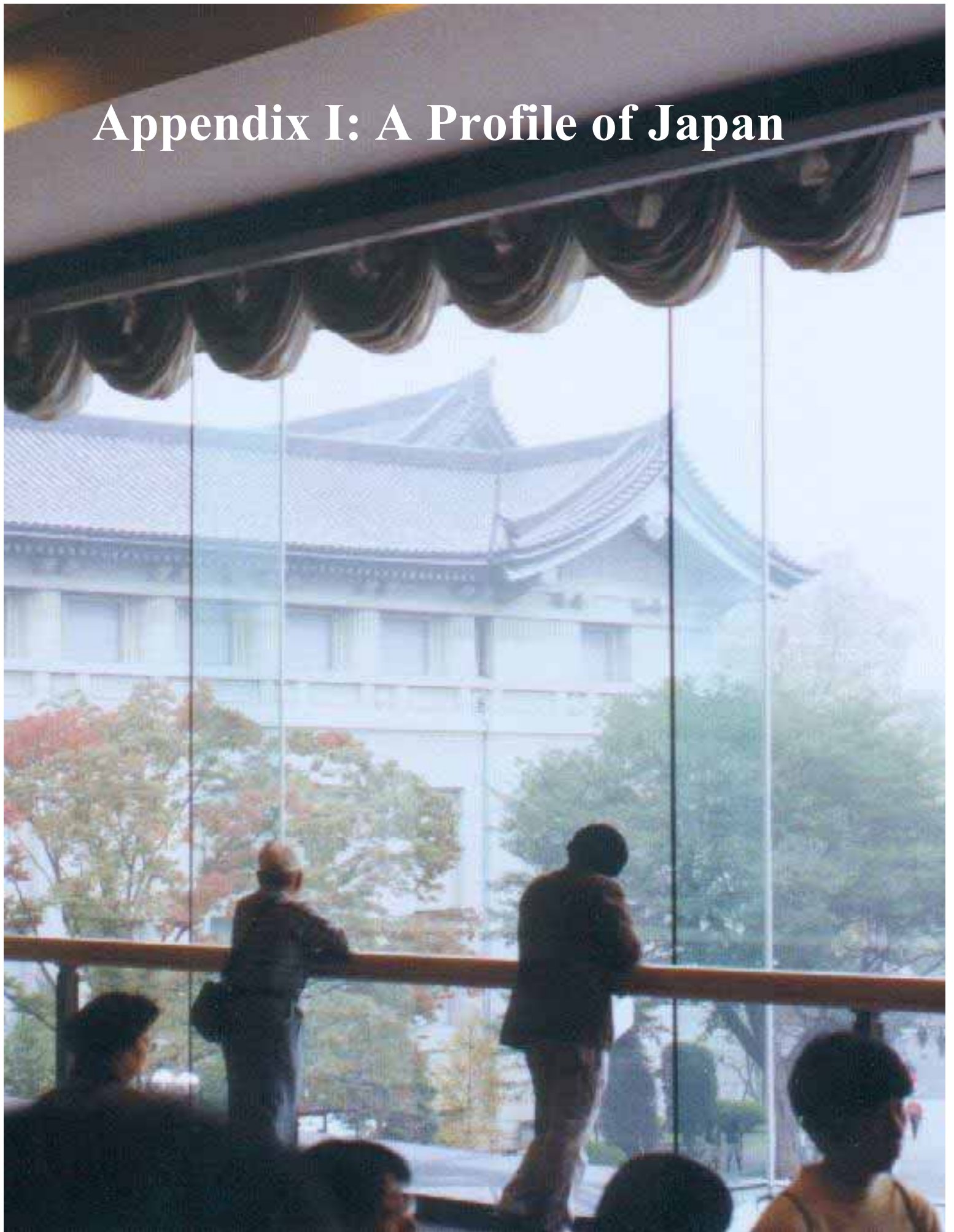


Appendix I: A Profile of Japan



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A Profile of Japan

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Appendix I: A Profile of Japan

1.0 Introduction

The Japanese market(s) deserves special consideration for any seafood marketing effort because of the dominance of this nation in the world's seafood markets. Japanese culture remains unique and quite insular, likely in large part because it had centuries to develop in the virtual isolation of the Japanese Islands archipelago. The culture developed within a highly hierarchal and respectful society which depended upon tightly defined rituals and roles to maintain the social fabric. Japanese arts express an almost surrealistic appreciation of the natural and sublime beauty of the natural world and there's quite a bit to be said for that. Many features defining Japan's culture continued intact as it accepted and embraced new ways of democratic governance.

The Japanese applied themselves diligently, and as a people, to the rebuilding of their country after the war and created one of the most successful developed nations in the world. In this regard it must be recalled that these efforts depended in large part on the trust developed through formal long-term relationships, often between families, and alliances where there was a demonstrated commitment of the 'partners'. This remains a defining feature of Japanese business culture and, although the same factors apply with the business cultures in other nations, the development of relationships is accorded extra weight in initial dealings with Japanese business. Successful Japanese negotiations are shrewd and use careful consultations to successfully discover and develop coincident opportunities which lead to long term mutual gains. Earned commitment and acceptance of reciprocal benefits is key.

Part of selling in Japan is knowing how to negotiate and maintain relationships with Japanese. Japanese language skills can be invaluable, as can a thorough background in Japanese culture and etiquette. This document is intended to provide a broad background of some aspects of Japanese cultural and business practices just to familiarize the reader with some of the different assumptions that can lead to misunderstandings between Canadian and Japanese businessmen.

2.0 Cultural Profile of Japan

The population of Japan is approximately 126 million. Education is highly valued in Japan resulting in a literacy rate of virtually 100% with 95% of the population having a high school accreditation. Educational achievement is generally required for success at work and in society at large, however in what might be called true Japanese fashion, much of official school life is devoted to teaching correct attitudes and moral values and to developing character.

The focus of most Japanese though remains primarily on Japan. Japanese TV news focuses primarily on local content and makes periodic reference to the US, China and the Korea's but basically ignores the rest of the world. In terms of content, there seems to be uniform coverage of events and opinion across the various networks and papers so the variety of opinions presented to or discussed by the public are effectively restricted and circumscribed. More Japanese are taking note of the differences between Japan and the rest of the developed world in this regard and are pressing for a greater range of opinion and coverage. They are voracious readers and popular bookstores are full virtually from the moment they open their doors each day and the top four national newspapers alone have a daily circulation of more than 35 million.

Japan: A Snapshot

Geography: An archipelago, 2,400 km long encompassing 380,000 sq km. comprising 4 main islands (Hokkaido, Honshu, Shinkoku and Kyushu) and some 3,000 smaller islands and islets. No point within the country is more than 150 km from the ocean.

The Japanese islands are the summits of mountain ridges uplifted along the continental shelf break. Over three quarters of Japan is mountainous while the scattered basins and inter-montane basins, where the population is concentrated, comprise only about 25% of the surface area.

Population: 126.5 million Japanese in country including approximately 12 M in Tokyo

GDP: purchasing power parity - US\$ 4.4 trillion (1999 est.)

GDP--per cap.: purchasing power parity - US\$ 25,616 (1999 est.) (#6 in the world)
5.2%, 31.1% & 63.1% of workforce involved in 1°, 2° & 3° industries respectively

Food Production

products: rice, sugar beets, vegetables, fruit; pork, poultry, dairy products, eggs;
Japan imports 60% of its food
world's largest fish catch (10 MMT in 1991)

Communication between the Western and Japanese cultures have been generally complicated by differences in the outlook, behaviour, manners and motivations underlying each of their respective traditions. The differences between the two cultures are deep and enduring, continuing to provoke misunderstandings and unintentional faux pas by both sides. The problems arise not so much from differences between individuals - decency, generosity and tolerance being common amongst all populations, but rather arise because the assumptions underlying social interactions and/or flowing from particular scenarios are so different in the two cultures.

With Japanese in general, the 'what' of an issue is more important than the 'why' aspects which is more the ultimate focus of Westerners. As a result, Westerners seeking to establish good business relationships should not concern themselves with the reasons and concentrate instead on seeing the situation as it actually is. An inability to treat people with this sort of detachment has a negative implication because of a perceived superficiality. If, for example, someone at a party makes an offensive sexist remark and you respond to the situation appropriately, people will notice and give respect and your place in the relationship will become apparent. The elements of an appropriate response include compassion with no ill-will, a non-judgmental attitude because it is always considered more important to be kind than to be right in all personal relationships, an openness to learn the 'why' behind the action and even a secret gratitude for the trust implied by the other person opening up and showing their 'inside'.

Not only is it important to know the role of the relationship, it is equally important to show personally your sensitivity to the changing dynamics of the relationship. Something in which you have an actual interest in or an abiding curiosity about is a powerful ally if you know when to introduce it. You might, for example, have some concern about where Japanese society is going and if you ask a negotiating partner in the first meeting what sort of Japan they expect their grandchildren will be living in, you would likely come across as something of a fool. If however, you wait for or even better create the proper moment to broach subject at the after-hours meeting you will more be given additional credit for your depth of character and modesty than other westerners who have simply barged ahead. Modesty is valued in Japan, as it is in Canada, and may form a good starting point for cultural relations.

Modern Western societies in general are predicated on individual capabilities, achievement and accountability while the Japanese emphasize collective harmony, with a concomitant subordination of the individual, and the transfer of capability, achievement and accountability characteristics to the group. In Japan, aesthetic values, harmony and maintenance of the correct order of things often take precedence over what westerners tend to regard as over-riding ethical and moral principles (De Mente 2003). The differences might be epitomized by contrasting typical norms on getting things done in the two cultures. Canadians might say “I don’t care how you do it, just get it done” whereas Japanese tend more towards “Don’t do it if you cannot do it the right way”. Japanese conditioning is so strong that the proper form and process in even games such as baseball are often more important than the actual results.

Japanese society is based on “Shikata” as the root of the “Japanese System” which controls, even today, many aspects of typical Japanese life with, again, the paramount goal being the promotion of *wa* or harmony (De Mente 2003). Shikata, or Kata in short, translates to “the way of doing things” and basically involves breaking everything down into small prescribed steps. Kata comprise a set of prescribed behaviours and/or actions which evolved over about 1,200 years for virtually all aspects of life in Japan and which still regulate, or at least influence, most thoughts and behaviours in Japan. Historically they were learned by rote through an apprenticeship training system and extended right down to various crafts and trades where they were applied religiously to all aspects of the trade, including not just physical actions but the attitudes to be held while carrying out those actions. Deviations from the prescribed kata were not tolerated and the promise of severe punishments was ever-present as the samurai, or warrior, caste was legally permitted to kill for even the smallest transgression. These kata then were ingrained into Japanese almost from birth because any additional alternative development of individuality was almost certainly eventually fatal. The potential lethality of even simple mistakes culminated in a general cultural aversion to uncertainty and virtually assured the entrenchment of the kata as a means to avoid the dangerous consequences.

The absolute and overriding focus of Japanese culture on harmony led to the suppression of individual talent and accomplishment as a means to reduce envy and, as a further consequence, to promote group-ism. The focus on the group first arose as farming communities realized that they had to work together in concert to build and maintain their rice paddies and other supporting infrastructure, such as irrigation and grain storage systems, needed for successful harvests.

Group-ism is still a very significant facet of Japanese life, prevailing in every profession, in business and in politics. Japanese children learn from their earliest days that human fulfilment comes from close association with others and that they are part of an interdependent society. Japanese human development can be seen as increasing mastery of an ever-expanding circle of social life, beginning with the family but extending to larger groups such as neighbourhood, school, community, workplace and nation. The socialization of Japanese is not completed during adolescence but continues through adulthood. As a result, the abilities of most Japanese to read subtle cues in social situations are very sophisticated, far exceeding the general ability of Westerners in the same regard. In contemporary Japan, responsibility remains largely collective and authority diffuse so the person seemingly in charge is bound into an inter-dependent group as tightly as any of the subordinates. Strong personal ties between superiors and subordinates are a two way street and reduce intra-group tensions (Dolan and Worden 1994).

Social and economic harmony have been the primary goal for centuries in Japan and the inevitable competition was channelled so it was defined in terms of the group. This has translated to near constant and formal competitions in Japan to prove one's loyalty to the group, which in contemporary scenes incorporates the immediate (work) group, the company and ultimately to the nation. Japanese always define themselves in terms of an 'us' and a 'them'. The 'us' definition changes with the situation and can refer to the individual, family, a work group, a company or even all of Japan but is always defined in opposition to a 'they'. There is relentless pressure for all Japanese to join and stay part of various groups and those who refuse to play their part are ostracised.

It should also be noted that most groups compete ferociously with other groups, including other companies but particularly other nations, even as they maintain the facade of harmony. As this trait is translated to the national context, Japanese people in Japan have a strong group identification as "Japanese" and the pressure to conform is ubiquitous. This leaves them strongly susceptible to trends or fads through manipulation by marketing campaigns, a tendency which has been noted any number of times. Sales people recognizing the Japanese desire to "keep up with the Suzuki's" understand that successfully selling a product to a leading Japanese company or celebrity will generally produce additional sales in others whether or not they need it.

The group consciousness model of Japan society can be, and sometimes is, extended too far (Dolan and Worden 1994). The Japanese population and contemporary Japanese politics overwhelmingly endorse democratic concepts of individual rights, respect for equality and limited government because they believe strongly in individual autonomy. Harmony remains the paramount social value but the creation and maintenance of a strong community sense is difficult even in Japan where individual, passive resistance to group demands is not uncommon. This is generally recognized and has conditioned leaders to provide an easy way that is not too demanding. In many cases, the development and displays of group identity, whether in a political, business or workgroup sense, is carefully constructed through the use of songs, symbols and ritual which generally allow people to go through the motions, following the route of least resistance, without having to make a deeper commitment to the group.

The hierarchal theme is overstressed in many analyses of Japan. Human relationships in Japan are defined in terms of inequality and people relate to each other along a minutely graduated scale of social status but traditional communities were often more egalitarian, as opposed to hierarchal. The various groups and communities within the society are also ranked along a similar continuum, something that increases the distinction between insiders and outsiders and strengthens group cohesion. Being Japanese transcends citizenship and most people in Japan still cannot conceive of even long-term residents from Korea or China, much less Caucasians or blacks, as “Japanese” even though they can now be awarded Japanese citizenship. Japan-ized foreigners, or people well versed and practised in Japanese culture, must continuously prove themselves as friendly, sincere and trustworthy from the first meeting onwards to function socially in Japan (De Mente 2003). This acceptance does not extend to business as they will, in any case, almost certainly be excluded from the ‘loop’ in any sort of business activity even if they are equal partners in the enterprise. Well versed foreigners are often referred to as *wakarisugiru*, or knowing too much. Such is the nature of being Japanese and their almost inherent fear of being understandable to outsiders (De Mente 2003).

As visitors, foreigners do very well in Japan as they can be exempted from the many firmly scripted demands made by Japanese culture even as they are accorded what are almost extraordinary courtesies and privileges. These exemptions do not extend wholly to long-term non-Japanese residents who are at somewhat of a disadvantage simply because they are more knowledgeable of, but still not fully versed in, the many variables and make mistakes which can actually ‘pain’ any witnessing Japanese. This can cause the development of an emotional block which may render any further progress in a relationship or negotiation with them much more difficult to realize.

Guests are not expected to know or practice correct kata, particularly the rank etiquette, but ignoring them completely can be a severe handicap. This is due, in large part, to the intricacies of the kata systems and the extreme sensitivities of most Japanese to correctness as they are played out. For example, identifying a person’s correct status was very important historically in the vertically hierarchal Japanese society. Japanese accord respect based on a person’s status as determined by sex, age differences, position at company, status of company etc. This has not diminished substantially to the present day, at least in the corporate world, and exchanging business cards is a key way for Japanese to identify each other’s status.

Knowledge of the other culture is always important when trying to impress potential business partners from other countries, even if only to avoid unintentional slights. In some cases, seemingly minor acts are used to set up profound estimates of a person’s character. For example, one must always step over a threshold and never step directly on it as this is considered a clear indication of inferior cultural training. This extends to a knowledge of the traditions when entertaining Japanese in Canada. For example, very little beef in Japan is eaten as steak largely because of a ban on beef consumption which was not lifted until the Meiji era. Ever since then, beef has been sold in paper-thin slices so consumers avoid seeing blood in their kitchen and which, in addition, is often boiled in water in deference to a Shinto belief in this as a means of purification (Stroppiana & Riethmuller, 2000). Setting a steak in front of Japanese businessmen or even having them witness a gusto-filled feasting on such by their hosts, may evince a strong feeling of disgust and jeopardize further business dealings.

Inadvertent errors in status-related etiquette can also cause problems. This might arise, for example, where seating arrangements at meetings and dinners do not follow the prescribed kata which evolved from the court of the emperor. Every room has a power place where the ranking individual normally sits while everyone else is more distant from this location in descending order according to their rank. In Japanese rooms, the power place is the one nearest the “beauty alcove”, a spot used for the display of flowers or other art, while in Western rooms, the power place is either the place furthest from the door or the place nearest the main window. In a car, it is the seat behind the driver while in an elevator it is in the centre at the back, away from the door (De Mente 2003). Assigning people to the wrong seats in ignorance of the correct kata for the various ranks can give insult which may be difficult to overcome. Such errors may be tolerated but they do give an impression of unreliability particularly when even “obvious factors” such as these escape notice.

2.1 Business Culture

Japan’s business practices are built on relationships, and these are, like so many other elements of Japanese life, governed by specific kata. The kata guiding relationships are basically formalized extensions of the informal conventions that facilitate friendly relations in the West, so they are not totally foreign to us in the sense that we use them unconsciously on a daily basis. In Japan however, they were developed and rigidly enforced, often on pain of death, throughout the medieval ages, a period extending from about 700 AD to 1865 and they remain entrenched, though not as deeply as in the past, throughout much of the society. This has a number of ramifications.

Japanese take business very seriously and their office behaviour is generally very formal. Horseplay in the office environment is unthinkable and Japanese businessmen have a very tough time taking informal foreign businessmen seriously. Vulgarity during normal business hours is generally not acceptable, although after hours in bars it is OK. Many of the behaviours considered acceptable amongst men, including rough language, visiting and carrying on while in bars or geisha inns and playing golf, are not considered appropriate in mixed company. Ignoring this can seriously prejudice the Japanese and once an emotional barrier has been erected, it’s almost certain that success will be elusive even if all the signs suggest otherwise.

Japan remains a male dominated society and women are generally only accepted into subordinate roles, almost never achieving executive status. The workforce in Japan is still heavily male dominated and traditional gender roles remain deeply entrenched. Women have commonly quit working when they get married and return to low-paying part-time service jobs once their youngest children are in school even as they retain near-total responsibility for the home and children. Considerable bias against women working remains widespread and even existing government legislation and company policies contribute to the problem (Anon 2003).

The issues involved are receiving more attention now though as putting more women to work in a professional capacity could provide a bigger boost to the economy than any of the fiscal measures used over the past 10 years and help solve many of the looming workforce challenges facing Japan which has the oldest average age of any OECD country. Economists are now

stressing that Japan has effectively tied one hand behind its back by restricting the career options so severely for women.

Japanese businessmen in general will not do business of any kind with anyone they have not face to face and established a relationship. Introductions to people with whom business is intended are a very good thing and a strong introduction, one where, for example, the introducer is of some prominence, can get a meeting with even presidents. Moving ahead without an introduction can lead to meetings with less-connected departments and lower the chances of success. It is much better that callers find out who is in charge of their area interest before they call.

Business in Japan is not done on a company to company basis as it often in Canada but is almost uniformly done on a person to person basis. This still applies and there are reports of companies refusing to do business with companies they are interested in simply because no appropriate personal relationships have been established (De Mente 2003). This requires a number of meetings both inside and outside the company with eating and drinking together playing a key role. Drinking is an important part of both their culture and the Shinto religion and most business deals there are sealed with a drinking party. There are generally at least 10 toasts (Gon Bie = Kom Pie = Bottoms Up) throughout the dinner and while getting plastered is not recommended in most countries, this advice does not play in Japan where refusing a drink can be interpreted as snobbish or hostile (MacLean 2003).

These sorts of meetings generally require some seemingly serious partying but despite appearances, there will be a sort of test involved. It is a fairly common Japanese belief that it is impossible to verify someone's true heart until all their defences and facades are dropped and you can see behind their public face. Avarice (greed), ill-will (hatred) and ignorance (delusion) are considered the three poisons of Buddhist character theory and are difficult to disguise during an evening of rowdy drinking and partying. Japanese people are looking for evidence to support or rebut the trust they invest in their relationships, including evidence of the three poisons as well as any other drastic personality changes that might appear as the night passes on simply because they want to know, in a direct perceptive sense as opposed to a legalistic sense, that you are who you say you are. Seeing serious defects manifest may lead to doubts of the trustworthiness of those displaying them and compromise further business relations, although because of the over-riding goal of avoiding conflict, they probably won't let you know it.

The after hours socializing should not be viewed as separate from the meetings held during working hours as the Japanese do not differentiate these so clearly as is common in Westerners. In one sense the working hours meetings are fora for establishing relations on a macro level, the after hours meetings are a venue for forging linkages of the immediate. It is a high art to attain the wisdom whereby ones personal being is in harmony with one's corporate being and there can be no harmony if this wisdom cannot be realized. No harmony generally translates to no reliability. Drinking and partying offer a glimpse behind the public face and maintaining a level of poise while putting yourself at social risk implies self mastery while a generosity of spirit indicates a person has not nurtured greed or succumbed to avarice while politely waiting out mean spirited gossip and never speaking with hostility implies character which is not tainted by ill-will toward others. The ability to integrate the subtle social hierarchy and to play the situation on behalf of your interests is a highly regarded talent in Japan.

2.2 Business Decision Making

Transgression of the imperative goal of maintaining harmony, or at least the appearance of harmony is forbidden by Japanese traditions and the Japanese still absolutely dread being caught out in a minority conflicting position. The requirements of this led to the rise of ambiguity as a device to provide some flexibility with the result that direct communication is rarely complete in Japan and it is always necessary, for Japanese at least if not always non-Japanese, to be aware of hidden meanings and agendas in a Japanese company. Ambiguity is used to win time until a majority position develops that all can agree with.

There are a number of implications in this. On the one hand, Westerners often mistake statements and/or intentions by Japanese and are disappointed when the desired results are not immediately forthcoming. Japanese are notorious for their reluctance to clearly say no and this has given rise to any number of communication problems. When a Japanese says:

“I will think it over” he means “I am not interested”;

“This (something) will be difficult” he means “it cannot be done”; and

“I will do my best” he means “it is impossible and you might as well forget it”.

On the other, once a Japanese company has made a commitment, one can be assured that it is a consensus decision and the commitment is solid.

Japanese have a strong sense of obligation and use it as a basis for building and affirming relationships. Business relations in Japan are based on personal relations with a significant give and take component (De Mente 2003). Individuals deliberately do favours for others, including wining and dining them or giving them gifts etc, with the full expectation that these efforts will be repaid at some point in the future, quite likely as new or even just continued business. Giri (duty) refers to the sense of obligation to those to whom one is indebted and requires deferential behaviour and eventual repayment of the favour which in turn calls forth future favours. Of course, reciprocating favours is not always a balancing of accounts, the Japanese are a friendly and gracious people and not overly inclined to what we might consider cynical manipulations. It can also signify that a business relationship is developing nicely, but this is usually obvious from the tone and mood of individuals involved, remembering of course that visiting foreigners are accorded exemplary hospitality which can confuse the reading of the situation.

The Japanese practice of including everyone in the decision making process extends through to a need to always be aware of and to follow the chain of command in dealing with a Japanese company so nobody gets their nose out of joint because they are bypassed when someone goes over their head. In business in particular, it is important to meet and nurture relationships with several people in the same company. Trying to work through just one person, even if very senior, almost always fails if only because some people may feel slighted and either passively or actively work to sabotage the effort (De Mente 2003) even as they, as always, maintain at least a facade of harmony. This might happen, for example, when a businessman from Vancouver who is friends with the President of a Japanese company does not inform a branch manager of a subsidiary company in Vancouver of his intentions prior to visiting his friend, the company President, in Tokyo. This is a serious breach of protocol that can disrupt any future business dealings that businessman may have with the Vancouver subsidiary and possibly with the parent company.

The concept of “*tanomi kata*” incorporates the idea of mutual dependence and mutual benefit in a give and take sense. It is used in an institutionalized fashion to request something special and adds and personal flavour to it that makes it hard to refuse because:

- a. they are your debt;
- b. you hold the key to their success or failure;
- c. they want to build up an obligation that they can later collect on; and/or
- d. he/they are magnanimous and willing to assist sincere and deserving people,
- e. etc.

There is a closely related concept termed “*nemawashi*” which refers to a system comprising the “behind the scenes” lobbying the Japanese use to achieve consensus on issues, something which greatly improves the chances of a plan succeeding. This is a critical process in Japan business because Japanese managers and executives, unlike typical Western executives, have very limited authority to make decisions on their own. This extends to the point where the apparent leaders of an organization have no power whatsoever and the power is wielded anonymously behind the scenes (De Mente 2003). Some exceptions exist, mainly in companies where the founder is still the CEO, but otherwise reaching a consensus by all involved in a project is required.

Nemawashi is called the great unseen foundation of business in Japan and can be looked at as planting a seed and then unofficially and diplomatically nurturing by subtle persuasive techniques that depend on appealing to the self interest of others to win support (De Mente 2003). The leader and various assistants harmonize opinion in advance, using intermediaries to avert confrontations of opposing forces. After a preliminary compromise among all is reached, a formal meeting is held so the agreed-upon policy can be formally proposed and adopted. Such decisions then are “the sum of the contributions of all”. Consensus does not imply there is universal agreement but rather that each member of the group has been consulted in an information exchange exercise. It also reinforces the feelings of group identity and makes the implementation of the resulting decision that much easier. Great emphasis is placed on the process because it is quite involved and miscues can lead to any number of setbacks if someone feels left out or otherwise slighted. If there is any hint of direct competition in a group or professional context, as might arise if someone flaunts their superiority, passive or even aggressive resistance (ie. sabotage) can be expected to arise somewhere in the organisation.

This can extend to, for example, Japanese workers who speak English. These people are very often discriminated against by their fellow workers in Japanese companies because they are perceived to receive preferential treatment over workers who do not speak English (De Mente 2003). This resentment can extend to active sabotage of projects involving the English speaker by their co-workers and can force that person into adopting a two-faced attitude- adapting the information exchange to keep both sides in a negotiation happy. This may extend to agreeing with and apparently supporting the ‘Western’ party while speaking English to them even as they adopt a derisive and critical position when speaking to their Japanese co-workers (De Mente 2003). In this sort of situation, the translator may actively work to thwart the efforts of the foreign party so that they’ll eventually go away and relieve the pressure they feel from their coworkers.

2.3 Sincerity vs Fairness

Sincerity is generally acclaimed by Japanese managers as the single most important management value while Western managers choose fairness. Fairness is looked at differently by the two cultures in part because the “might is right” philosophy has prevailed in hierarchal Japan since ancient times (De Mente 2003) . The belief that the weak should be dominated by the strong is considered natural even in contemporary Japan. Japanese companies will be fair to anyone with whom they have an established on-going and desirable business relationship but companies which have not yet reached this point are more likely to be treated as fair game. The Japanese typically do not react to calls for fairness or equality in the Western sense and only way to ensure a fair relationship is to deal from a position of strength.

Virtually the only way to approach Japanese buyers when you are in the position of a seller or petitioner is to take on a “quiet, modest interest” and “exemplary behaviour” mode while working to create confidence in you and your company. Westerners should understand that if they are negotiating from a position of acknowledged weakness, success will come only if it serves the purpose of the Japanese. The Japanese do not have a lot of experience, or much inclination to work with foreign firms as equal partners. Most joint ventures either collapse or end up being run by Japanese after only a few years and experience thus far has demonstrated that while “you can work for the Japanese, or they for you, you cannot work with them” (De Mente 2003).

Sincerity in Japan means never deceiving oneself or others and having harmony within one’s inner self and with all interaction(s) with others, again in agreement with their Buddhist outlook. Key ingredients include honesty, wholeheartedness, warmth and a never-say-die spirit with the overall effect being that people adhere to their expected behaviours and take no actions that cause others to lose face while decisions and actions reflect the will of the group so harmony will prevail.

Sincerity leads directly to the growth of trust, an essential ingredient in maintaining long-lasting personal and business relationships. Japanese worry about losing face but the issue of losing trust is acknowledged by all as being much more serious. Face is relatively easy to regain whereas trust may be gone forever once it is lost. I gather the difference is that face is about right or wrong whereas there is an element of deception involved in a loss of trust.

One builds trust by fulfilling all promises and commitments. This includes keeping delivery dates, responding promptly and positively to complaints, minimizing price hikes, notifying business partners in advance of any planned changes and seeking their understanding and cooperation, continuously working to improve the quality if the products/services on offer and helping out partners (clients or customers) if they are hurt by circumstances beyond their control. Consistent behaviour in the above commands trust and can draw cooperation and assistance from Japanese companies that clearly transcends the norm. Apologies carry considerable moral authority in Japan, despite what many might consider general overuse, and are an important element in getting along in Japan.

2.4 Negotiations with Japanese

The negotiating styles of Japanese and westerners are different. Japanese negotiate by adjusting or adapting to differences while Westerners tend to focus more on the selection of discrete options. In other words, Japanese take account of a whole range of shades along a continuum of options while the Western view tends to focus more on specific selections and their opposites (De Mente 2003). One must be careful, then, when dealing with the Japanese to pace the proceedings to their manner to a certain extent. Generally the ideal approach incorporates both Japanese etiquette and the rational, fact-based and fair approach that is the bedrock of western business practice. This is something the Japanese understand and appreciate and are gradually absorbing and adopting in their own business culture.

Typically, the first meeting is to get acquainted, establish the broad interest of the calling party and allow both sides an opportunity to "size each other up." A series of meetings with a large number of Japanese company representatives is common. Business negotiations may proceed slowly, as the Japanese side may prefer no agreement over being criticized later for making a mistake. While many Japanese business executives speak some English, a skilled and well-briefed interpreter, while expensive, often prevents communication problems.

The Japanese are extremely gracious, especially to foreigners, and their overt hospitality and politeness often belies a very shrewd business acumen, lulling foreigners into a false sense of security. This is leveraged by a traditionally adopted mode of behaviour by Japanese to avoid standing out or appearing aggressive as a survival device in their medieval past. This behaviour has been ingrained for many generations and they still often come across as passive, naive and/or helpless to uninitiated westerners when they are in fact just acting naturally (De Mente 2003). Foreigners are generally seduced with personal attention, hospitality and entertainment while in Japan, particularly when a Japanese company is interested in pursuing business with them. This can cause one to drop one's guard so they release far more information than they would in a typical western negotiation even as they confuse the distinctions between form and substance (De Mente 2003). When combined with the Japanese traits of avoiding direct criticism, confrontation and clear-cut rejection, it can present a formidable barrier to understanding. This can lead to frustration and confusion in Westerners not familiar with this Japanese practice.

There is a never-say-die spirit component of sincerity that often translates into a win at all costs, a feature that contributes to the Japanese being very formidable negotiators. Japanese negotiators often tenaciously continue talking and questioning every aspect and angle of an issue until the other side compromises and a consensus is reached or the other side is worn down and gives up. They often imbibe their patience and pliancy with a sense of general cooperativeness through the exercise of polite humility, courtesy, goodwill and hospitality as they build a consensus position.

The upshot is that these two characteristics give the Japanese a significant cultural advantage when dealing with westerners because we almost compulsively respond with additional information or other assistance to help the typically humble and apparently grateful Japanese. While westerners feel uncomfortable during periods of silence and tend to fill them with more and more details, Japanese do not react immediately to new proposals but instead are conditioned from birth say nothing upon first hearing about a proposition and to take days, weeks or months

to consider and discuss all sides of the issue. In short, they will soak up everything that is said and return nothing. The Japanese know this and use it to their advantage- they are very shrewd businessmen after all, so much so that a significant part of Japan's success is said to derive from this single cultural difference.

Once the foreign side has spilled the beans and revealed all their experience, insight and technology up front, they have no further leverage and often fatally weakened bargaining power. It is in the Japanese nature to accept the message and reject the messenger, particularly with foreigners. The most effective way to avoid pre-selling the farm is to emphasize that we can help them succeed and look good at the same time and stop right there. The urge to bare all must be resisted as must the efforts of the intensively inquisitive Japanese to ferret out every last bit of information. Japanese often continue to ask questions and listen with such intensity over such a period that it drives Westerners to distraction.

Westerners should also be aware that communications in languages other than Japanese do not always carry the same weight or commitments as binding as those conducted in Japanese to Japanese. Even with the use of interpreters the understanding of each side can be very different from the other. Translators often have to temper what they pass along and modify the contextual details of what is being said to prevent one side or the other from being offended or misled. It is worth noting that it is extremely difficult for foreigners to establish the level of trust with the Japanese that they expect amongst themselves and that, in many cases, Japanese firms can, and will, simply take advantage of the foreign firms no matter how sincere the foreigners are simply because they are not Japanese. This is sometimes facilitated by their use of English in meetings. Some Japanese separate what they say in English from the reality of their Japanese attitude whenever it serves them, the rationale being that whatever they say in English does not count.

2.5 Training Practices

Change is coming in Japan and the predominance of many kata in Japan are declining, albeit slowly. An internationalization movement is becoming increasingly evident in Japanese born after 1960 so that now, even training for bowing, that most quintessential characteristic of Japanese etiquette, is being downplayed by many parents for their children. This movement comprises a general move away from traditional Japanese attitudes, behaviour and styles and includes hybridization between Japanese and Western ways.

This trend does not spell the early end for bowing and related practices and because even now, the influence of the companies on their employees, particularly those destined for executive positions, often remains pervasive. For example, many Conservatives - still "the guys who call the shots", consider proper etiquette an essential in Japan and many companies have instituted training programs, including intensive instruction in proper bowing etiquette, for new employees.

These training programs often resemble the boot camp model used in the military and are generally intended to break down old habits in recruits and replace them with more traditional conditioning in traditional social etiquette still rigidly followed in business. The shared ordeals comprising the training also instill recruits with the legendary loyalty and devotion to the

company, fellow employees and managers. Building business relationships through mutually endured trials is common in Japan and these include long hours of drinking and carousing in bars after work and, in some cases, golf. These activities are generally accessible to foreign businessmen and often key to building effective working relationships in Japan.

The pervasiveness of kata in Japan are slowly fading in our globalizing world, particularly as young people are exposed to and adapt to the many cultures comprising humanity. Some older traditional Japanese consider this a threat to Japan, but this too is likely to fade in coming years as the people retire from their currently held positions of influence. English is now a required subject in the Japanese school system, and just this of itself is expected break up the linear thinking patterns prevailing in the traditional Japanese rote-learning education system and increase the creative aspects of the Japanese students. Still the transition to a more Western outlook, with its emphasis on individuality and personal accountability as opposed to group-ism and shared responsibility, is not going to be easy simply because the change in outlook is so fundamental. The continuing rise of an environmental sustainability and conservation ethic have been called a new development but they are in fact a return to traditional values that were integral to Japanese culture for a thousand years.

2.6 Aesthetic Appreciation and Packaging

The Japanese incorporated a deep appreciation of natural beauty into their daily lives through the kata defining their crafts, arts and ceremonies. Aesthetic appreciation was accorded an almost state religion status by about 700 AD that has extended into current times so that Japan is the only country in the world where every level of society is involved in a concerted effort to instill the study and appreciation of beauty as a national goal for the entire population (De Mente 2003).

They behold beauty in three aspects:

sabi which is the kind of beauty that come with the natural aging of all natural things;

wabi referring to the emotional appreciation that reflects the essence and ephemeral beauty of life; and

shibui which denotes beauty that results when a natural or manmade object clearly reveals its essence through perfection of form, naturalness, simplicity and subdued tone.

This focus on aesthetics explains the well known Japanese requirements for prescribed steps for the production and packaging/presentation of any product- including seafood. Their obsession with quality applies to the “whole” product, including areas not normally seen, and many Western produced products fail the Japanese quality test because they are not sufficiently detailed. Any deviation from the prescribed pattern goes against their cultural training and the prices suffer accordingly. These production recipes or prescriptions cannot be taken lightly.

Gift-giving is expected on many business occasions in Japan. Quality is important, but the gift need not be expensive. The packaging of the gift is as important as the gift itself and should be done professionally. Of some note, sets of four are considered unlucky as the number 4 is pronounced the same as the word for death. Gifts that can be shared among a group are appropriate.

3.0 General Market Considerations

The Japan External Trade Organization (JETRO) was established by the Japanese Ministry of International Trade and Industry (MITI) in 1958 to consolidate Japan's export promotion efforts. As Japanese exporters became better established around the world and the country's international balance of trade turned from deficit to surplus, JETRO's role grew to include furtherance of understanding with trading partners, import promotion, liaison services between Japanese and overseas companies and data dissemination. Various quota, tariff and non-tariff restrictions on the entry of imports into Japan have contributed to the frustrations of many companies and countries dealing with Japan, including Canada and the US. Reductions in these trade impediments have been part of a slow but steady, albeit often reluctant, process that has been growing since the early 1960's. These efforts stemmed largely from foreign obligations and international pressure until the late 1980's but domestic pressures to examine and reduce import restrictions became more widespread as awareness of the price breaks available in other nations for these imports grew. Many Japanese feel they are a rich nation but a poor people, a view prompted in large part by the fact that they have to pay so dearly for goods and services that are available much cheaper elsewhere.

Foreign companies importing products into the Japanese market were, until the late 1980's, generally met with a variety of informal barriers because there was a general consensus that the Japanese market should be reserved for Japanese companies. The import was not generally directly opposed but ploys used might include continuously asking more questions, or studying the product while the company was in fact gearing up produce a clone for sale in Japan. Japanese companies might also contract with foreign firms to distribute the product in Japan and then severely limit the distribution to kill their potential. Even today, a majority of Japanese feel that products must be properly Japan-ized before they are suitable for the Japanese market, again a symptom of the exclusivity of Japanese culture.

3.1 Recent Economic History

Government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defence allocation (roughly 1% of GDP) have helped Japan advance with extraordinary rapidity to the rank of second most powerful economy in the world. One notable characteristic of the economy is the working together of manufacturers, suppliers, and distributors in closely knit groups called *keiretsu*. These emerged as large integrated general trading companies in Japan and became primary drivers of Japanese economic growth, particularly after WWII. Similar groups existed before the war, acting as specialized wholesalers for Japanese manufacturers and buying and importing the raw materials and other inputs for manufacture. The coordination of activities within these groups and the integration of smaller sub-contractors into them enhanced their industrial efficiency even as they developed and implemented strategies which contributed to their immense growth. Product diversification became an essential ingredient of their growth as many companies sought market share over quick profits, adding plant and human capacity ahead of demand, as another key strategy.

Several thousand of these companies were operating in Japan by the late 1980's but approximately 42% of total exports and 74% of total imports were handled by the top nine companies. In 1991 these companies (sales) were: C. Itoh (¥20.0 Trillion), Sumitomo (¥18.8 T), Marubeni (¥18.2 T), Mitsui (¥16.2 T), Mitsubishi (¥15.7 T), Nissho Iwai, Tomen, Nichimen and Kanematsu-Gosho. These companies are best at handling large volume bulk products, such as raw materials and increasingly acted through direct investment to bring more sources on stream. This sort of investment was made in BC for the development of the NE coal fields.

Industry, the most important sector of the economy, is heavily dependent on imported raw materials and fuels. Japan's large manufacturers could be sparking economic recovery in that country. Many of these companies have restructured since 2001 and profits and capital expenditures are up strongly in the January to March quarter from a year ago (Moffat 2003). This increase bodes well for the economy as a whole but the country is still not out of the woods yet in solving underlying problems of deflation and bad debts to the tune of about \$US 500 B held by the country's banks. Also, the much smaller agricultural sector is highly subsidized and protected, with crop yields among the highest in the world. Usually self-sufficient in rice, Japan must import about 50% of its requirements of other grain and fodder crops. Japan maintains one of the world's largest fishing fleets and accounts for nearly 15% of the global catch (CIA 1999).

Living standards in Japan improved dramatically in the 1970's and 80's and the income distribution is amongst the most equitable in the world. The share of total living expenses devoted to food dropped from 35% in 1970 to 27% in 1986 while household savings averaged between 15-20% over the same period. Japan imported approximately 50% of its caloric intake and 30% of the total value of food consumed in the late 1980's. Foodstuff imports have maintained a fairly steady position in the whole import picture, changing from about 12% in 1960 to about 14.5 - 15% in the early 1990's.

For three decades overall real economic growth, averaging 10, 5 and 4% per annum respectively for the 1960's, 70's and 80's, had been spectacular. Growth slowed markedly in 1992-95 largely because of the aftereffects of over-investment during the late 1980s and contractionary domestic policies intended to wring speculative excesses from the stock and real estate markets. Growth picked up to 3.9% in 1996, largely a reflection of stimulative fiscal and monetary policies as well as low rates of inflation. But in 1997 growth fell back to 1%. As a result of the expansionary fiscal policies and declining tax revenues due to the recession, Japan has one of the largest budget deficits as a percent of GDP among the industrialized countries.

The crowding of habitable land area and the aging of the population are two other major long-run problems. Japan's has the fastest growing elderly population in the world and authorities predict that more than one of every four Japanese will be 65 or older, up from just under one in five today to one in three by the year 2030 (Anon 2004). The overall population is also projected to start falling by about 2010 (Figure 1)(Anon 2002), suggesting general market value decline is also likely. Japan's work force is declining with a projected drop of 17 million between 1995 and 2030 and a further drop of 16 m workers in the 20 years past that to 2050 (Anon 2004). Japan could reform its labour market by letting women and the elderly take more productive jobs but the weight of tradition and practice in the country are delaying progress on this front and it seems unlikely that such changes will be forthcoming in time to alleviate the problems.

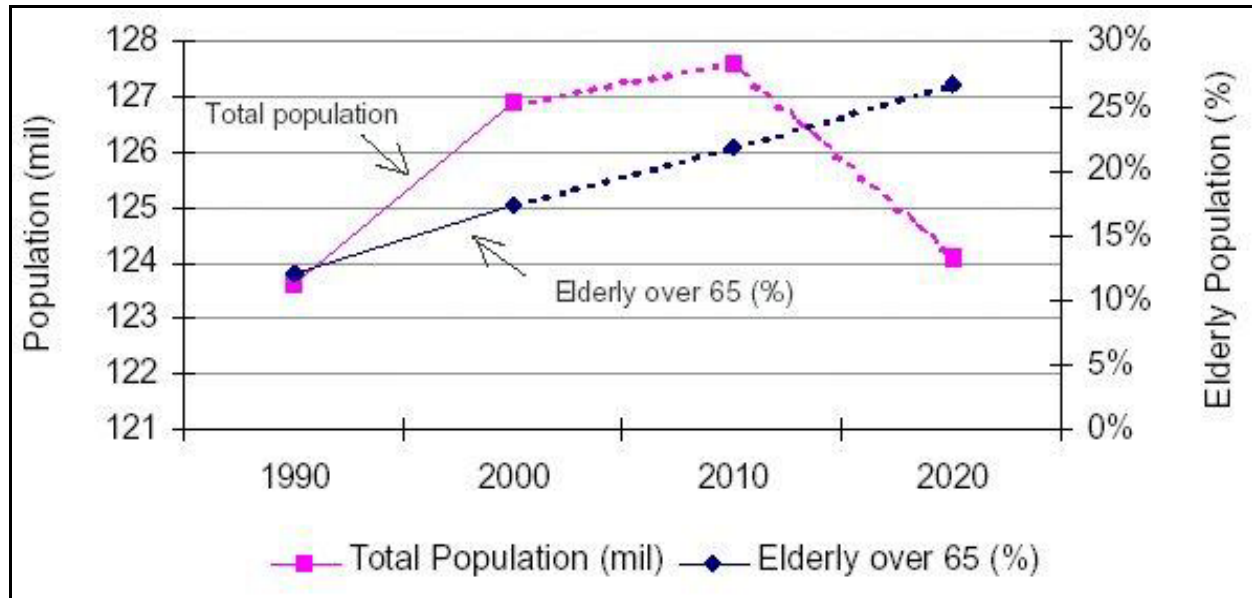


Figure 3: Population and demographic trends in Japan (Anon 2002).

Japan's agriculture and fishing industries have been declining in recent decades. In 1960 fishing employed 1.5% of the working population; in 1994 the figure was only 0.43% (280,000 people) and in 1997 only 0.039% (260,000 people). The total fishing catch peaked at 12.8 million tons in 1984 and dipped to 8.1 million tons in 1994 and about 7.4 MMT by 1997. The catch from deep-sea fishing peaked much earlier, in 1970, at 3.4 million tons, and had fallen to 1.1 million tons by 1994 and 863 KMT by 1997. This drop reflects the move by many nations to enforce 200-nautical-mile economic zones.

The decline in the domestic fishing catch has been mirrored by an ongoing increase in fish imports. In 1994, for example, imports rose by 2% over the previous year's level to 2.8 million tons and in price by 14% to \$16.0 billion. Japan's supply of seafood in the future will depend heavily on imports, coastal fishing, and aquaculture.

Japan has a relatively high wage structure, with significant variations by education, age/seniority and position although the occupational wage differentials are much smaller than in most countries. Workers earned an average of approximately 300,000 yen per month in base wages in 1998 but the base wages are estimated to comprise only 58% of total wage costs. Annual summer and year-end bonuses add, on average, another 34% (Anon 2001b).

Given the decreasing number and rapid ageing of workers, particularly in the agricultural and fisheries sectors (including processing) and faced with some of the world's highest operating costs domestically, many firms in the first half of the 1990's established new factories which produce products specifically for the wants and needs of the Japanese market in countries with lower labour and material costs such as China, Thailand and Indonesia. This trend weakened somewhat in the late 1990's because of the troubles being encountered by many Asian economies, but has since started picking up again. Despite the problems in the late 1990's, Asia remains fastest-growing regional economy in the world (J. Payne Pers comm 2003).

Japanese research and development expenditures are the highest in the world and are being increasingly invested in overseas facilities. Japan has currently invested more than US\$140 million in the Chinese food industry, a figure which has increased by more than US\$130 million since 1990. Manufacturers are at a minimum designing production to minimize labour inputs and ensure increased demand for capital-intensive, high value-added manufacturing. The offshore migration of production capacity is continuing in the food and seafood processing sector.

3.2 Economic Regions in Japan

Japan is comprised of 48 prefectures making up about 10 different regions (Figure 4) each of which in terms of consumer preferences is at least somewhat unique. Consumers in Tokyo are more cosmopolitan and more likely to come into contact with foreign products, food and styles than elsewhere in Japan. Consumer styles and fashions emanate from Tokyo in avidly read magazines as well as the television networks. Consumers from Tokyo are also not as conscious about food costs and tend to prefer more salty foods, western products and spicy products. They also prefer pork, buckwheat "soba" noodles, and a greater cuisine variety. In Osaka (Kansai region), on the other hand, consumers are very cost conscious, prefer less salty food and spicy products and favour more traditional Japanese products as opposed to 'western' products. Consumers in Osaka also prefer beef and wheat "udon" noodles and emphasize a Korean menu more (Anon 2003y).

While Metropolitan Tokyo remains a reasonable initial point of entry, because of its high population density, more western lifestyle, and receptivity to new products (Anon 2000b), over 90 percent of Japan's population still lives outside of the Tokyo market. The regional diversity of foods in Japan requires specialized product development according to exacting quality standards in the face of intense competition from both domestic and foreign competitors. Even though foreign food products do find their way to the regional markets by way of Tokyo, direct development of the regional markets plays a key role in maintaining a comparative advantage in food production and supply and remains key for increasing the total market for imported food products in Japan.

3.2.1 Kanto

Tokyo, Japan's sophisticated capital and the surrounding prefectures of Kanagawa, Saitama and Chiba, occupy the largest flat area in Japan called the Kanto Plain. Together, these four prefectures have a population of over 31 million, equivalent to the New York and Los Angeles metropolitan areas combined. Tokyo is the governmental, business, higher education, information, media, fashion and cultural centre of Japan. Most major Japanese companies, trade associations and U.S. companies have their headquarters or major branches in Tokyo.

Kanagawa, which includes the cities of Yokohama and Kawasaki, is by far the richest prefecture in Japan, with a per-capita income almost 50 percent above the Japanese average. A presence in Japan usually means a presence in Tokyo. Despite high rental costs, most U.S. companies locate in Tokyo because of the need to interface with their Japanese customers, to obtain market



Figure 4: Map of Japan showing the prefectures as well as various districts and area codes.

information and in many cases, to handle relations with Japanese Government ministries. Consumers in Tokyo are more likely to come into contact with foreign products, food and styles than elsewhere in Japan. Also, consumer styles and fashions emanate from Tokyo in avidly read magazines as well as the television networks. In addition to consumer goods, value-added food products, apparel, furniture and automobiles, good export prospects to the Tokyo area include medical products, computers, telecommunications hardware and software and business services.

3.2.2 Kansai

"Kansai" is the six-prefecture region of west central Japan centring around the cities of Osaka, Kobe, Kyoto and Nara, with a combined population of over 23 million people. The traditional commercial center of Japan, the Kansai is an economic giant with a GRP (gross regional product) of over USD 750 billion (JFY 1994), larger than Canada's. Kansai local governments (Hyogo and Osaka Prefectures, Kobe and Osaka Cities, in particular) have aggressive major development plans of over USD 400 billion, including massive land reclamation and building complexes for commercial, industrial and research facilities, including the Universal Studios Japan Project, a USD 1.4 billion theme park to be built on a 56-hectare site in Osaka's Konohana waterfront area, slated for a spring 2001 opening. 23 million of the world's wealthiest consumers live here. This, combined with the fact that the concentration of small and medium enterprises in the Kansai is the highest of any region of Japan, makes it a market ideally disposed to partnerships with similar-sized Canadian exporters.

Significant market changes have been seen recently in the Kansai in areas such as food, building products, environmental technologies, ICT and healthcare - changes that hold promise for a Canadian exporter willing to devote the necessary attention to this unique, but not impenetrable, market. People in the Kansai like to eat sea urchin although generally speaking, there is a difference in the taste and color when it comes to the comparison between Kanto (Tokyo) and Kansai (Osaka). In general, people in the Kansai prefer sea urchin with the slight yellow whereas people in Kanto prefer a reddish-yellow color.

3.2.3 Chubu

Nagoya, capital of Aichi Prefecture and hub of the 8-prefecture, 20-million population Chubu region of central Japan, is Japan's third largest metropolitan area, after Tokyo (225 miles to the east) and Osaka (125 miles to the west). The Chubu is the core of Japan's automotive, aerospace, machine tools and ceramics industries. The region as a whole accounts for roughly 17 percent of Japan's GNP and 3 percent of World GNP (Anon. 2001b). Along with neighbouring Shizuoka Prefecture, the region has a GDP as large as Canada's and accounts for almost half of Japan's trade surplus with the United States. Aichi Prefecture alone accounts for over 80 percent of that trade.

3.2.4 Kyushu

The Kyushu/Yamaguchi region, located in the southwestern part of Japan, is the nation's fourth economic centre and has witnessed steady growth in the past several years. The region's GDP of \$460 billion is larger than that of Korea, Australia and several other OECD countries (Anon. 2001b). Regional dynamism lies in the development of high-tech industries including the production of semiconductors and liquid crystal display panels and state-of-the-art automobile factories and in its shipbuilding industry, diversified research facilities and expanding Asian trade. Japan's commercial and research space-launching facilities are also based in southern Kyushu. Western Japan is also a leading centre for cutting-edge research in fields such as nuclear

fusion, robotics, ceramic materials and high speed ocean transport carriers. Kyushu/Yamaguchi accounts for 18 percent of Japan's agricultural production. Particularly good business prospects in the region are found in areas such as electronics and computers, architecture, design and construction, 2X4 import housing and agricultural products.

3.2.5 Hokkaido and Tohoku

Northern Japan consists of Hokkaido and the Tohoku region, with a combined population of 15.7 million and GDP of approximately US\$ 543 billion, which slightly smaller than GDPs of Spain (US\$ 563 billion) and Canada (US\$ 560 billion) (Anon. 2001b). Hokkaido is Japan's northernmost island with Sapporo, its capital and largest city, some 700 miles from Tokyo. Hokkaido, with about 83,500 km² constitutes about 20% of Japan's area. It has been considered the centre of Japanese agriculture, forestry, fishing and mining since the movement of modern technology into the area in the late 19th Century.

The Tohoku region consists of six prefectures; and its economic and commercial center is Miyagi Prefecture's capital, Sendai, located about 250 miles from Tokyo. Direct imports to the seaports and airports in Northern Japan are not significant because many imported products are shipped via Tokyo and distributed domestically to Hokkaido and the Tohoku.

Northern Japan's two main international airports, Chitose in Sapporo and Sendai, have newly expanded passenger and cargo handling capacities and are eager to develop more international routes. Direct import container traffic is increasing at the ports of Tomakomai (near Sapporo), as well as Hachinohe (Aomori Prefecture) and Sendai. Respective prefectural governments have established Free Access Zones (FAZ) in an effort to promote direct trade via these ports and thereby stimulate economic development.

3.2.6 Okinawa

Okinawa prefecture, population 1.3 million, consists of the sub-tropical Ryukyu Islands 2.5 hours south of Tokyo by air. Okinawa's economy depends heavily on tourism, government public investment, services and construction. The prefectural government has invested in strengthening the tourism infrastructure and a number of high-quality resort hotels are being built.

4.0 In-country Representation for Foreign Firms

A Canadian company that wishes to collect information and/or facilitate contacts in Japan may wish to take a step up and establish a representative office. This liaison office can obtain market data and other information and provide necessary promotional and service support. A representative office is not subject to Japanese taxes and it is not necessary to obtain special approval. However, a representative office must not involve itself in commercial transactions or generate income, therefore it can not handle orders directly. The liaison office may provide guidance and support to an agent and manage all marketing activities except for the actual sale.

A sensible approach may be to pool the resources of several firms/associations which have complementary product lines. Such a group might establish a marketing association, consortium, or jointly owned export management company, and set up a sales and service branch or subsidiary office in Japan. This operation may take the form of a representative office which handles contacts with agents, distributors and customers. Considering the importance of brand image in Japan, group members may wish to consider adopting a group logo which would be a universally recognized and accepted identity for their product line.

The use of agents/distributors is a realistic marketing strategy for the small/medium Canadian firm, but this approach requires great care in the selection of the representative. Distributors in Japan usually cover a specific territory or industry. Import agents are often appointed as sole agents for the entire country. While in some cases exclusivity may be necessary to ensure a strong commitment by the Japanese agent towards expanding sales, a foreign company should not be pressured into handing over control of the whole market if there is doubt as to the ability or willingness of the Japanese company to develop the entire market. Regional exclusivity, a limited term of representation, minimum sales, or qualitative indicators of sales efforts may be recommended in exclusive agency contracts. (Anon 1999a).

Part of the difficulty in choosing a Japanese agent is assuring that the agent will devote sufficient attention to expanding the market share of the Canadian product. A Canadian company should probably avoid a distributor that targets only limited, high-price niches; is compromised by strong ties to one particular industry group ("keiretsu"); fails to compete directly with established Japanese products; or is not prepared to pursue volume sales for the Canadian exporter (Anon. 2001b). To attract a Japanese business partner, a Canadian exporter must present an image of dependability, innovation, superior quality, competitiveness, and a commitment to building personal relationships. A Canadian company should show that it is well regarded in its industry; that it has researched the market; that it is prepared to respond to cultural requirements (e.g., by preparing high-quality marketing materials in Japanese on the company and its products); and that it responds promptly to all inquiries from Japan. Frequent communication by fax or phone is crucial, and regular visits to Japan are a must.

Direct marketing (which here will include direct selling, mail order, telemarketing, direct response television, etc.), is an attractive sales channel for suppliers attempting to reach the Japanese consumer while bypassing traditional distribution channels. With more women in the workforce and increasing demands on everyone's time, demand for shopping through the mail or by telephone has grown tremendously in Japan in recent years. Internet usage in Japan is still modest by U.S. standards, but is growing noticeably, causing some to hope that a boom in electronic commerce is on the horizon.

Direct marketing may deliver on its promise to provide value for money, but it should not be thought that there is a tradeoff between price and the high customer service expectations of Japanese consumers. The Japanese customer demands top quality for every product and is meticulous about packaging and the condition of contents on arrival.

The advantages of establishing a joint venture in Japan include greater access to local information and conditions, ease in identifying and hiring local personnel, and securing immediate

access to a distribution system and customers. However, this strategy requires a Canadian company to share profits and control with its Japanese partner. As with selecting agents, distributors or licensees in Japan, trust, communication and common interests with the Japanese partner are crucial.

The least cost option for establishing a presence in Japan is through the Internet, although this must not affect the level of service available to the customers. Japanese companies in all industries have begun to realize that doing business over the Internet is timesaving and cost-effective. By increasing access to information, information technologies contribute to making markets work more efficiently. For example, the Internet allows consumers to seek the lowest price and allows the solicitation of more bids from a wider variety of suppliers by firms. Reduced transaction costs and barriers to entry have brought the e-commerce economy closer to the utopian concept of perfect competition, which assumes complete access to information, many buyers and sellers, zero transaction costs, and no barriers to entry or exit (Paprika 2003). Better-informed markets can more efficiently allocate and use resources.

The fastest-growing users of the Internet in Japan are smaller companies and women, often served by companies headed by foreigners. Shopping in Japan is considered an important social activity, particularly among young women who consider it a social event providing an occasion to get together with friends. This, tied in with a general distrust of using credit cards, has restricted internet sales of brand-name goods. Japanese consumers don't pay for purchases by credit card or even check, alternatively and overwhelmingly preferring electronic fund transfers through banks or post offices. Reference spending, which involves off-line purchases based on information obtained on line, is important and growing particularly in real estate, automotive and finance (Paprika 2003).

5.0 Promotional Strategies

A "new consumer" society is developing in Japan as the numbers of increasingly cost-conscious double-income families and working single women are large and increasing in Japan. Japan is a trend-oriented country, and once a trend is active, people take it up in great proportion (Anon 199b). This includes brand-name fashions, as well as more advanced trends such as internet use for Business to Business and Business to Consumer transactions. Women are the most important target market in Japan not just because of their purchasing power but also because they are generally trend setters, even from high school. Female online shoppers buy clothes, food, or games and toys; men go for computer hardware, books, and software. Overall the most popular items among Japanese e-purchases are food (Paprika 2003).

Consumer education of the product's purpose, use, features and/or quality may be necessary. It is also important for exporters to get into the huge regional economies and industrial centres where 65 % of Japan's over 1,000 international conferences, seminars and trade shows take place. Advertising in any of Japan's five major national daily newspapers or on Japanese television is very expensive even though they can provide either national or regional coverage. Regional and local newspapers and television stations, based in prefectural capitals are less expensive and might make sense for a product with strong distribution in a specific region.

A more affordable option for small to medium size Canadian companies may be advertising in some of Japan's 2,250 weekly or monthly popular magazines, which may well be the most cost-effective means to reach a specific target consumer. While Japan has relatively few radio stations (Tokyo, for example, has only four AM and six FM commercial stations), radio advertising potential may be worth investigating. Much of Japan's broadcast and print media do not deal with advertisers directly but go through Japan's top five advertising agencies: Dentsu Inc., Hakuhodo Inc., Tokyu Agency International Inc., Daiko Advertising Inc. and Asatsu Inc.

In general, "mood" or "image" advertising is generally thought to sell better in Japan. Hard-sell, "wordy" messages and comparative or combative advertising may be considered bad taste and end up being counterproductive. Transit advertising should not be overlooked in Japan as railroads are the primary means of transportation for commuters in major cities and carry over 21 billion passengers annually.

Instant messaging on cell phones is an emerging marketing and advertising tool. The use of IM is widespread in Japan and movies and live events already live or die there by the IM sword. North America is projected to follow soon along this path.

Dining out is the primary source of entertainment for most Japanese consumers (Anon 2000 b). This opens the possibility that food service establishments can be used to leverage a targeted marketing program designed to raise the profile of the product(s) on offer as a high-value option and build substantial marketing critical mass and momentum using a Cascade Market Development approach. This approach is based on generating demand momentum through "free public relations" on a large scale, leveraging media, five-star executive chefs, and high visibility restaurant franchise openings, and generally utilizing the food services sector event as a "Trojan Horse" by which high-value, branded, and otherwise differentiated retail foods can be introduced as a "Home Recipe Ingredient" into a stream of demand momentum (Anon 2000 b). The publicity of an effectively marketed high-end event featuring high quality chefs to showcase cuisines, together with complementary retail accoutrements, including frozen cheesecakes, wines, berries, specialty meats, fish, etc, influences family-style restaurant and pub dining chains, which in turn influence the Home Meal Replacement movement within supermarkets, convenience stores, and department stores, and eventually translate into retail purchase decisions for daily food needs as well (Anon 2000 b).

6.0 List of Japanese Seafood Importers

This list is being assembled and included not as a phone guide for making calls but more as a resource so proper arrangements and introductions can be arranged. A common mistake made by many Western firms is to try to use a list of importers as a basis for "cold calls" on prospective agents. The Japanese prefer to do business with someone only when they have been properly introduced and meet face-to-face. An introduction by a "go-between" typically serves to vouch for the reliability of both parties. Appropriate third parties for such introductions include other Japanese firms, Canadian companies that have successfully done business in Japan, banks, trade associations, chambers of commerce, the Canadian Department of Foreign Affairs and International Trade Commerce and/or the Canadian Embassy etc.

6.1 Associations

Japan Fisheries Association
Sankaido Bldg., 1-9-13 Akasaka, Minato-ku, Tokyo 107-0052
TEL: 03-3585-6683

Japan-China Fishing Association
c/o Japan Fisheries Association, Sankaido Bldg., 1-9-13 Akasaka, Minato-ku, Tokyo 107-0052
TEL: 03-3585-6684

National Federation of Fisheries Co-operative Associations
Coop Bldg., 1-1-12 Uchi Kanda, Chiyoda-ku, Tokyo 101-8503
TEL: 03-3294-9611

Overseas Fishery Corporation Foundation
Sankaido Bldg., 1-9-13 Akasaka, Minato-ku, Tokyo 107-0052
TEL: 03-3585-5381

Japan Whaling Association
Toyomi Shinko Bldg. 7F, 4-5 Toyomicho, Chuo-ku, Tokyo 104-0055
TEL: 03-5547-1940

National Federation of Medium Trawlers
Shuwa Dai 2 Toranomom Bldg., 1-21-19 Toranomom, Minato-ku, Tokyo 105-0001
TEL: 03-3508-0361

Association for East China Sea Trawler Fishery
Sokobiki Kaikan, 7-8 Maruocho, Nagasaki-shi, Nagasaki 852-8004
TEL: 095-861-3135

Federation of Japan Tuna Fisheries Co-operative Association
2-3-22 Kudan-Kita, Chiyoda-ku, Tokyo 102-0073
TEL: 03-3264-6161

Japan Salmon Fisheries Co-operative Association
Otsubo Bldg. 2F, 1-18-8 Nishi-Shinbashi, Minato-ku, Tokyo 105-0008
TEL: 03-3593-2321

Japan Fish -Wholesalers Association of Central Market
Sankaido Bldg., 1-9-13 Akasaka, Minato-ku, Tokyo 107-0052
TEL: 03-3583-3642

National Federation of Fishery Processor's Co-operative Associations
1-10-3 Ginza, Chuo-ku, Tokyo 104-0061
TEL: 03-3564-6333

Japan Marine Products Importers Association
Shuho Dai 2 Bldg., 1-23 Kanda Nishiki-cho, Chiyoda-ku, Tokyo 101-0054
TEL: 03-5280-2891
website: www.jfta-or.jp

Japan Fisheries Resource Conservation Association
Tokyo Suisan Bldg., 4-18 Toyomicho, Chuo-ku, Tokyo 104-0055
TEL: 03-3534-0681

Japan Agar-agar Manufacturers' Association
c/o Ina Shokuhin Kogyo Co., 5074 Nishi-Haruchika, Ina-shi, Nagano 399-4498
TEL: 02657-8-1121

Japan Sea Farming Association
Nishizawa Bldg., 3-14-8 Uchi Kanda, Chiyoda-ku, Tokyo 101-0047
TEL: 03-5296-3181

Japan Fish Sausage Association
Kusumoto Dai 6 Bldg., 1-3-9 Higashi-Shinbashi, Minato-ku, Tokyo 105-0021
TEL: 03-3573-5586

All Japan Kamaboko Makers Association
Zenkama Bldg., 3-37 Kanda Sakumacho, Chiyoda-ku, Tokyo 101-0025
TEL: 03-3851-1371

All Japan Fish Paste Products Association
Zenkama Bldg., 3-37 Kanda Sakumacho, Chiyoda-ku, Tokyo 101-0025
TEL: 03-3851-1371

Tuna Packers Association of Japan
NP1 Bldg., 3-5-6 Ueno, Taito-ku, Tokyo 110-0005
TEL: 03-3832-3150

Japan Suisankanzume Packers Association
Echizenya Bldg., 1-1-6 Kyobashi, Chuo-ku, Tokyo 104-0031
TEL: 03-3281-7446

All Japan Eel Culture Associations
Daiwa Bldg., 9-4 Konyamachi, Shizuoka-shi, Shizuoka 420-0852
TEL: 054-252-6817

Japan Nori Incorporated Association
Hirabayashi Bldg., 2-30-2 Hakusan, Bunkyo-ku, Tokyo 112-0001
TEL: 03-3815-2787

Edible Nori Fair Trade Conference
Hirabayashi Bldg., 2-30-2 Hakusan, Bunkyo-ku, Tokyo 112-0001
TEL: 03-3815-2787

National Delicate Tidbit Manufacturers Association
Phoenix Higashi-Ginza, 4-2-7 Tsukiji, Chuo-ku, Tokyo 104-0045
TEL: 03-3541-9106

All Japan Kezuribushi Industrial Association
San Field Bldg., 5-29-47 Toyo, Koto-ku, Tokyo 135-0016
TEL: 03-5690-1601

All Japan Dried Small Sardines Association
San Field Bldg., 5-29-47 Toyo, Koto-ku, Tokyo 135-0016
TEL: 03-5690-1601

National Co-operative Association of Squid Processors
Shimada Bldg., 3-47-8 Yushima, Bunkyo-ku, Tokyo 113-0034
TEL: 03-3834-3731

Japan Kombu Incorporated Association
Naruto Bldg., 1-7-20 Nishi Honmachi, Nishi-ku, Osaka 550-0005
TEL: 06-6533-2290

Japan Wakame Incorporated Association
c/o Kotani Kaiso Ten, 4-1-4 Kami-Igusa, Suginami-ku, Tokyo 167-0023
TEL: 03-3396-3321

Japan Ornamental Fish Trade Association
c/o Japan Ornamental Fish Trade Co., 2-40-10 Chidori, Ota-ku, Tokyo 146-0083
TEL: 03-3757-2321

6.2 Distribution and Food Service Industries

Japan Chain Stores Association
Toranomom 40 Mori Bldg., 5-13-1 Toranomom, Minato-ku, Tokyo 105-0001
TEL: 03-3433-1290

Japan Self-Service Association, Inc.
TOC Bldg., 7-22-17 Nishi-Gotanda, Shinagawa-ku, Tokyo 141-0031
TEL: 03-3494-3836

National Association of Supermarkets
Okubo Fuji Bldg. 2-7-1 Okubo, Shinjuku-ku, Tokyo 169-0072
TEL: 03-3207-3157

Japan Voluntary Chain Association
Ikeda Bldg., 1-7-15 Shibakoen, Minato-ku, Tokyo 105-0011
TEL: 03-3435-7311

Japan Food Service Association
Hamamatsucho Central Bldg., 1-29-6 Hamamatsucho, Minato-ku, Tokyo 105-0013
TEL: 03-5403-1060

Japan Food Services Distributors Association
Hiratomi Bldg., 1-10-1 Uchi Kanda, Chiyoda-ku, Tokyo 101-0047
TEL: 03-3292-8225

Japan Feeding Goods Association
Matsui Bldg., 28-2 Kanda Tomiyamacho, Chiyoda-ku, Tokyo 101-0043
TEL: 03-3255-0455

Japan Industrial Food Service Association
Kanda Kihara Bldg., 3-5-8 Kanda Kajicho, Chiyoda-ku, Tokyo 101-0045
TEL: 03-3254-4614

Japan Institute of Food Distribution Systems
Sankyu Bldg., 3-6-14 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013
TEL: 03-3581-1246

Organization Food Marketing Structure Importment, OFSI
Sankaido Bldg., 1-9-13 Akasaka, Minato-ku, Tokyo 107-0052
TEL: 03-3505-6120

Food Service Industry Survey and Research Center
Zenkoku Nogyo Kyosai Kaikan, 19 Ichibancho, Chiyoda-ku, Tokyo 102-0082
TEL: 03-3262-2324

6.3 Other Key Japan Contacts

Trade Associations/Chambers of Commerce :

Japan Foreign Trade Council, Inc.

Shigetoshi Matsumoto, General Manager, International Affairs and Research Group
World Trade Center Bldg.

2-4-1 Hamamatsu-cho, Minato-ku, Tokyo 105-6106

Phone: +81/3/3435-5950 Fax: +81/3/3435-5979

www.jftc.or.jp

Japan Chamber of Commerce and Industry

Matsuo Shimojima, General Manager

International Div.

Tosho Bldg., 3-2-2 Marunouchi, Chiyoda-ku,
Tokyo 100-0005

Phone: +81/3/3283-7607 Fax: +81/3/3216-6497

www.jcci.or.jp/home-e.html

Tokyo Chamber of Commerce & Industry

Matsuo Shimojima, General Manager

International Div.

Tosho Bldg., 3-2-2 Marunouchi, Chiyoda-ku,
Tokyo 100-0005

Phone: +81/3/3283-7607 Fax: +81/3/3216-6497

www.tokyo-cci.or.jp

Osaka Chamber of Commerce and Industry

International Division

Shunji Kawamura, Director

2-8 Honmachi-bashi, Chuo-ku, Osaka 540-0029

Phone: +81/6/6944-6400

Fax: +81/6/6944-6293

<http://new.osaka.cci.or.jp/e/>

6.3.1 Agricultural Trade Associations

Japan Chain Stores Association
Toranomom #40 Mori Bldg., 5-13-1 Toranomom
Minato-ku, Tokyo 105-0001
Phone: +81/3/3433-1290 Fax: +81/3/3433-1297

Japan Confectionery Association
JB Bldg. 7F, 6-9-5 Shinbashi
Minato-ku, Tokyo 105-0004
Phone: +81/3/3431-3115 Fax: +81/3/3432-1660

Japan Convenience Foods Industry Association
Kimura Bldg. 8th Floor, 5-5-5, Asakusabashi
Taito-ku, Tokyo 111-0053
Phone: +81/3/3865-0811 Fax: +81/3/3865-0815
E-mail: fvb8260@mb.infoweb.ne.jp

Japan Dairy Products Association
1-14-19 Kudan Kita
Chiyoda-ku, Tokyo 102-0073
Phone: +81/3/3264-4131 Fax: +81/3/3264-4139
E-mail: jdpa@mx1.alpha-web.ne.jp

Japan Dehydrated Vegetable Association
3-4-1 Nihonbashi Kayabacho
Chuo-ku, Tokyo 103-0025
Phone: +81/3/3669-0286 Fax: +81/3/3639-2555
E-mail: primerd@mb.inforweb.ne.jp

Japan Food Service Association
1-29-6, Hamamatsucho
Minato-ku, Tokyo 105-0013
Phone: +81/3/5403-1060 Fax: +81/3/5403-1070
E-mail: jfnet@jfsa.or.jp

Japan Frozen Food Association
10-6 Nihonbashi Kobunacho
Chuo-ku, Tokyo 103-0024
Phone: +81/3/3667-6671 Fax: +81/3/3669-2117
E-mail: info@reishokukyo.or.jp
www.reishokukyo.or.jp/

Japan Fruit Juice Association
Dai 2 Toyo Bldg.,
2-1-21 Nihonbashi
Chuo-ku, Tokyo 103-0027
Phone: +81/3/3275-1031 Fax: +81/3/3275-1067

Japan Health Food & Nutrition Food Association
2-7-27 Ichigaya Sadohara-cho
Shinjuku-ku, Tokyo 162-0842
Phone: +81/3/3268-3131 Fax: +81/3/3268-3135
E-mail: jhnfa@mx1.alpha-web.ne.jp
www.health-station.com/jhnfa/

Japan Restaurant Association
Ginza 8-10 Bldg.
8-10-8 Ginza
Chuo-ku, Tokyo 104-0061
Phone: +81/3/3571-2438 Fax: +81/3/3571-7090\
E-mail: jp.res.@joy.ne.jp
www.joy.ne.jp/restaurant/

Japan Wine And Spirits Importers Association
Daiichi Tentoku Bldg.
1-13-5 Toranomom
Minato-ku, Tokyo 105-0001 Phone: +81/3/3503-6505/6506
Fax: +81/3/3503-6504

6.4 Possible Contacts in the Kansai Region

Company and Market Information:

Ace Co., Ltd.

A medium-sized regional supermarket chain that operates 23 stores in the Kansai region of Japan.

Daikin Co., Ltd.

A medium-sized regional supermarket chain that operates 21 stores in the Kansai region of Japan.

Fujicco Co., Ltd.

A soybean food product maker in Kobe. One of the largest in Japan.

Inabco Trading

A food importer owned by Ikari Supermarket, a high -end supermarket chain operator in the Kansai region of Japan.

KOHYO Co., Ltd.

A medium-sized regional supermarket chain that operates 21 stores in the Kansai region of Japan.

Marudai Foods

One of Japan's leading meat importers/packers.

Nisshoku Co., Ltd.

An importer/wholesaler of high -end foods and beverages in Osaka.

Nitta Gelatine

The largest gelatine manufacturer in Japan. They also have a factory in Ontario.

Tsuji Cooking Academy

One of the leading cooking schools in Japan and a strong supporter of Canadian food promotion in the Kansai region of Japan.

Western Japan Traders CO -OP

A group of small to medium-sized importers in the western part of Japan.

7.0 National Holidays in Japan

The following lists Japanese annual holidays. This information might be very useful for planning details of a trip to or a new product introduction into Japan. Introducing new products is generally not advised for August as most people are on the summer idle and holidays thereby blunting any possible effect (Anon 2001xx).

When a national holiday falls on a Sunday, the following Monday is a compensatory day off. In addition, many Japanese companies and government offices traditionally close during the New Year's holiday season (December 28- January 3), "Golden Week" (April 29-May 5) and the traditional O-Bon Festival (usually August 12-15).

January 1	New Year's Day
January 8	Adult's Day
February 11	National Foundation Day
March 20	Vernal Equinox Day
April 29	Greenery Day
May 3	Constitution Memorial Day
May 4	(Declared Official Holiday)
May 5	Children's Day
July 20	Marine Day
September 15	Respect-for-the-Aged
September 23	Autumnal Equinox Day
October 8	Health-Sports Day
November 3	Culture Day
November 23	Labour Thanksgiving Day
December 23	Emperor's Birthday