

JETRO / ICF

SUCCESS IN THE MAKING VII

HOW

CANADIAN

COMPANIES

ARE WINNING

NEW MARKETS

IN JAPAN

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INTRODUCTION

This year's Success In The Making comes after an extremely active year on the part of JETRO and its partners in the Canada-Japan Industrial Cooperation Forum (ICF) in the promotion of trade and investment between Canada and Japan. In particular, February/March and October proved to be the focal points of our activities.

In February and March, we co-sponsored a cross-Canada series of Team Canada follow-up seminars with the Department of Foreign Affairs and International Trade (DFAIT). Then in October, we hosted two of the largest events in the history of JETRO in Canada. Firstly, under the auspices of the ICF, we organized and hosted a 43 company Japanese IT mission to Canada, taking in Vancouver, Ottawa, Toronto and Waterloo (for more details, please see pages 3-4). Just one week later, we hosted, in cooperation with the Consulate General of Japan in Toronto, a Saké tasting event which brought 48 previously unavailable premium sakés to the notice of the Canadian public. (see page 5 for the full story).

The most significant thing about the IT mission, apart from its size, is that it was a direct response by the Japanese government to the September 1999 Team Canada mission to Japan led by the Prime Minister, Jean Chrétien, and the provincial Premiers. The mission focused on IT because that is where the Japanese business community is developing a new awareness of Canadian capabilities. No longer is Canada regarded simply as a land of beauty, nature, resources and skiing.

The mission attracted about 200 Canadian business people and, although it is still a little early to see the full results, it has led to a number of deals between Canadian and Japanese IT firms such as the one made by Phoenix Technologies (see page 22). Following the success of the first mission, JETRO is now planning a second IT mission to Canada in the Fall of 2001.

In the coming year, JETRO, in cooperation with its ICF partners, must continue in its efforts to encourage Canadian firms to take advantage of the great opportunities for doing business with Japan. JETRO must go beyond the promotion of traditional commodities, such as processed agriculture/fisheries products and housing related products, and focus on technological tie-ups especially in the fields of information and communications technologies (ICT), environment, healthcare and biotechnology.

Whether it be through exporting, strategic alliances, technology tie-ups, third country cooperation or direct investment, I hope that Canadian firms make full use of the various programs and services offered by JETRO/ICF and that they follow in the footsteps of the successful companies profiled in this booklet.

Tomofumi Setsuda
Executive Director
JETRO Toronto

JAPANESE IT MISSION TO CANADA

In the first week of October 2000, a delegation of 43 Japanese companies spent one week in Canada exploring partnership opportunities with Canadian IT companies. The mission was led by Noboru Hatakeyama, Chairman & CEO of the Japan External Trade Organization.

Four Japan IT Business Forums were held in Vancouver (October 2), Ottawa (October 4), Toronto (October 5) and Waterloo (October 6) with programs consisting of seminars, networking receptions and business-matching events.

During the week, more than 60 Japanese business delegates met with over 200 Canadian business representatives, listened to over 70 Canadian company presentations and product demonstrations and made visits to more than 10 Canadian companies and research facilities, including Nortel Networks, the National Research Centre (NRC), EMG Group, Sheridan College, Prologic, Telos, Act Cinemage, PMC Sierra, Active State, Crystal Decisions (formerly Seagate Software) and Time Centre, Simon Fraser University.

This IT Mission was a direct response to the Team Canada visit to Japan in September 1999 led by the Prime Minister, Jean Chrétien, and the 30-company Canadian IT follow-up mission to Japan in May 2000, which attracted over 700 Japanese business people.

These initiatives have changed the perceptions which underlie enhanced trade relations between Canada and Japan. The Japanese business community is now keenly aware of Canada's world leading IT technologies while Canadian companies have recognized that Japan is the world's second largest export market for IT products and technologies and are beginning to target that market.

This IT Mission was a unique opportunity for Canadian companies to gain access to the Japanese market by establishing partnerships with Japanese firms and to acquire an update on the products Japan requires to power the revolution in its IT industry. Japanese firms are actively seeking new products and ideas from foreign companies. JETRO hopes that Canadian IT companies will take advantage of these new opportunities and that more Canadian success stories emerge as a result of this initiative. Certainly, the Japanese mission members were keen to find out more about Canadian IT capabilities.

JAPANESE IT MISSION TO CANADA

Listed below are a number of companies that have already seen success as a result of their participation in the 2000 IT Mission or, are in discussions with potential Japanese partners. Some of them have been featured in the pages that follow and others, JETRO hopes to profile in a future edition of Success in the Making. JETRO is currently assisting several of these companies, including Arius 3D and Tucows, in their follow-up activities through the Invest in Japan Individual Program (IJIP).

Arius 3D Inc.

(3D imaging - www.arius3d.com)

Avenza Systems Inc.

(cartographic design software – www.avenza.com)

Brotherston Market Research Inc.

(smoke drying technology - brother@coastnet.com)

Calian Technology Ltd.

(professional services & solutions for enhanced workforce productivity – www.calian.com)

Epicent Inc.

(Internet development services – www.epicent.net) - see page 18

Greenwood Multimedia Corp.

(educational software - www.greenwood.ca) – see page 19

iNAGO Inc.

(human-like interactive software - www.inago.com) - see page 20

Pattern Analysis and Machine Intelligence group of the University of Waterloo

(pattern and signal analysis and recognition - <http://pami.uwaterloo.ca/>)

Pattern Discovery Software Systems Ltd.

(eMe client-side profiling tools and services – www.patterndiscovery.com)

Phoenix Technologies Inc.

(optical motion capture system – www.ptiphoenix.com) - see page 22

Plazmic Inc.

(rich mobile media solutions for the wireless Web – www.plazmic.com)

RADARSAT International (RSI)

(earth observation satellite data - www.rsi.ca)

Tucows Inc.

(e-business services - www.tucows.com)

Note: Based on a follow-up questionnaire, there are a number of other Canadian companies that have found success or are in discussions with Japanese firms, however they have asked not to have their names published at this time.

The IT Mission was organized under the auspices of the Canada-Japan Industrial Cooperation Forum (ICF), which consists of Canadian Manufacturers & Exporters (CME – formerly The Alliance of Manufacturers & Exporters Canada), the Canadian Chamber of Commerce, the Toronto Japanese Association of Commerce and Industry (Shokokai) and JETRO. We would like to acknowledge the cooperation and support of the Department of Foreign Affairs (DFAIT), Industry Canada, the Canadian Embassy and Consulates in Japan, the Embassy of Japan and Consulate Generals of Japan in Toronto and Vancouver, Ontario Exports Inc., B.C. Trade & Investment Office, Ottawa Economic Development Corp., the Information Technology Association of Canada (ITAC) Ontario, B.C. Technology Industries Association and the Ottawa Centre for Research & Innovation (OCRI).

A TASTING OF JAPANESE SAKÉ AND FOOD

As part of Access Japan 2000 – an initiative by the Consulate-General of Japan in Toronto that aimed to showcase Japanese culture to Canadians – JETRO Toronto organized “A Tasting of Japanese Saké and Food” on October 10 at the Westin Prince Hotel. The saké and food tasting event attracted 378 people including consumers, professional wine tasters and the media.

Sixteen Japanese microbrewers from all regions of Japan brought 48 previously unavailable premium sakés for the free tasting session. To compliment the saké, the Katsura restaurant prepared a selection of Japanese foods.

The purpose of the event was to introduce a greater variety of premium sakés to the Canadian market. Currently in Ontario, the most widely available premium sakés are American made rather than Japanese.

Another aim of the event was to educate occasional Canadian saké drinkers who wish to expand their knowledge of the Japanese beverage. As with wine, sakés each have their own distinctive taste and there are several grades of quality to consider when purchasing.

With this educational purpose in mind, JETRO held a seminar prior to the tastings in which members of the Saké Export Association of Japan (SEA) outlined saké terminology, saké-making history and the brewing process. The various grades of saké and saké-tasting techniques were also described. The process of importing sakés into Ontario was explained by the Liquor Control Board of Ontario (LCBO).

For JETRO Toronto, the saké event was a rather unique undertaking in that its focus was to facilitate the importation of Japanese products to Canada rather than the exportation of Canadian products to Japan. In the end however, it fit very well with JETRO’s general mandate to promote mutually beneficial business between the two countries.

As a result of the Saké Mission and the saké-tasting event, it is anticipated that Canadian consumers will soon have access to a greater variety of premium Japanese sakés. Ozawa Canada Inc., a 10-year veteran importer of Japanese and Californian sakés, will begin importing three new brands of Japanese saké into Ontario pending approval by the LCBO.

The products that Ozawa intends to import include Junmaishu Rihaku from the Rihaku Saké Brewery, Junmai Daiginjo Mukune from the Daimon Saké Brewery and Junmai Daiginjo F7-01 from the Yamatogawa Saké Brewery. The three sakés were preferred over other candidates for their taste, brand reputation and availability.

Shotaro Ozawa of Ozawa has observed the growing popularity of sakés in trend-setting places such as New York and Los Angeles and predicts that saké will soon be the next big thing to hit Canadian bars and restaurants – not only for its novelty value but also for its pleasing taste, exceptional quality and all-natural ingredients.

If you are interested in receiving more information about saké, please contact JETRO Toronto or visit the websites: www.esake.com or www.japansake.or.jp. Ozawa Canada Inc. can be contacted at:
135 East Beaver Creek Rd., Unit 3, Richmond Hill, ON L4B 1E2
Phone: (905) 731-5088; Fax: (905) 731-0778; E-mail: ozawainc@istar.ca

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METROPOLITAN HARDWOOD FLOOR INC.

Metropolitan Hardwood Floors Inc. is currently developing an exciting website resource in which JETRO will play a pivotal role. Brady Page of Metropolitan anticipates that the website will provide Japanese clients with better service. "Yukazai.com – flooring.com in Japanese – will present Japanese clients with flooring information in their language and in a format that meets their requirements." In addition to information, the website will permit prospective clients to order sample flooring kits on-line and to register for seminars that will be hosted by JETRO at its Housing Materials Centre in Japan.

Metropolitan has taken advantage of many of JETRO's resources. When the company first became interested in exporting to Japan six years ago, JETRO provided seminars and Japanese industry reports to help prepare Metropolitan. A year ago, Metropolitan took a booth at JETRO's Housing Materials Centre in Tokyo to display its flooring products to potential buyers.

JETRO has also been helpful in coordinating seminars on Metropolitan's behalf. Using its database of Japanese construction companies and architects, JETRO ensured that prospective clients were invited to participate.

The Japanese market has presented Metropolitan with formidable challenges. Metropolitan has had to navigate itself through a weakened Japanese economy as well as unfamiliar business practices. Mr. Page remembers the company's incredible growth in 1996 followed by an economic slide in 1998 that left Metropolitan struggling through a depressed Japanese economy. Progressing in such a precarious financial climate proved very difficult and buyers demanded product justification.

Metropolitan has had to acquaint itself with Japan's unfamiliar banking structure and has had to learn to decipher Japanese business etiquette. "In Japan, yes can often mean no," Mr. Page warns. "The Japanese are so gracious and polite that foreign business people who are unaccustomed to the culture are often misled."

Metropolitan's Mr. Page advises that companies considering exporting products to Japan be prepared for the high cost of doing business there. Companies should also get a Japanese business partner to gather marketing intelligence in order to effectively promote their product – to communicate in terms Japanese clients will understand and relate to.

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Richmond, BC
V6V 1W1
Phone: (604) 232-2027
Fax: (604) 270-7223
bpage@metrofloors.com
www.metrofloors.com
www.yukazai.com

Contact:

Brady Page

Established:

1992

Employees:

30

Annual Sales:

\$12-15 Million

Export Sales to Japan:

\$4-5 Million

Products:

Hardwood Flooring

JETRO Services:

Housing Materials
Centre, Market Re-
search, Seminars

PREMDOR INC.

Contact Info:

9255-194th Street
Surrey, BC
V4N 4G1
Phone: (604) 882-9356
Fax: (604) 882-8957
sgreenhill@premdor.ca
www.premdor.com

Contact:

Sean Greenhill,
Sales Manager
Japan

Established:

1955

Employees:

8,400

Annual Sales:

\$1.139 Billion

Export Sales to Japan:

n/a

Products:

Doors

JETRO Services:

Housing Materials
Centre

Two years ago when Premdor, the world's largest manufacturer of residential doors, decided it should increase showings of its products in Japan, the company turned to JETRO for assistance. Japan sales manager Sean Greenhill says that, although Premdor has exported successfully to Japan for 16 years, the company's share of the Japanese door market remains a "drop in the bucket" compared to its market share in other parts of the world. "We want to become a dominant player in the Japanese market and the JETRO Housing Materials Centres in Tokyo and Osaka are helping us toward that end," he says.

Mr. Greenhill describes several unique challenges that the Japanese market has presented Premdor with, among them he cites product modification. "We had to change the composition of our doors to meet the demands of our Japanese clientele – different materials were used to ensure our doors would perform better in the humidity."

In addition to the challenge of climate, Mr. Greenhill points out the lightning pace of change in Japan and the constant effort it takes to acquire and absorb information quickly. Also he says: "in Japan consumers have more influence – companies like ours have to keep abreast of consumer demands and take care to meet them ahead of the competition."

On the subject of trends, Mr. Greenhill tells a story about how door tastes can sharply contrast between Osaka and Tokyo and how Japanese taste in general can run contrary to Canadian perceptions. "The door we felt sure would sell well in Japan didn't sell well at all," he recounts. "In contrast, a brash, showy door with a big decorative glass oval which appeared out of whack with Japanese tastes, became an unexpected hit in Osaka. In Tokyo they didn't like it so much."

Mr. Greenhill believes that international markets are sufficiently different that products, including doors, must be specially customized for each of them. "Whereas in Canada, door sizes are standardized and easily mass produced to keep manufacturing costs down, the same isn't possible in Japan. There, each architect makes door sizes to suit the particular project – we have to accommodate for that difference," he says.

Understanding market needs is key to success in Japan and the reason why Mr. Greenhill recommends that businesses wishing to export to Japan keep Japanese language communicators on staff. He himself spent two years in Japan building his level of fluency. "All employees dealing with Japanese customers should have spoken and written language skills and be receptive to the different views and ideas they will encounter in their dealings with the Japanese."

DCL INTERNATIONAL INC.

Reflecting on the distinctiveness of the Japanese market, Stefan Jennewein, manager export sales, observes both positive and negative aspects: "once you've established a business relationship with a Japanese company, it's rare that you'll lose it – provided of course that you produce quality and timely delivery. The Japanese are very loyal," he says. "The danger however of exporting to Japan is that of having your product copied and consequently losing your clients to a competitor. The Japanese tend to prefer buying from local companies."

DCL International Inc., producer of emission control systems for the internal combustion engines of construction machinery such as forklifts, first became interested in exporting to Japan five years ago, anticipating tremendous opportunity opening up in the country. The instincts of DCL's executives proved correct when one year ago, the Japanese government updated its legislation to impose more stringent emission controls.

DCL enlisted JETRO's help to export its technology knowing that the company would face some considerable challenges in the process. "Despite the large business potential in Japan, communication remains a significant obstacle," Mr. Jennewein says. "JETRO has helped us toward overcoming the language barrier in Japan – they've educated us on Japanese culture, shown us how to approach Japanese companies and how to communicate with Japanese business people." Mr. Jennewein adds: "JETRO further invited DCL to participate in the Environex 2000 show in Tokyo, part of the Import Product Specialist Program, to present the company's products and services to potential clients – it's the kind of exposure that is so important to winning business in Japan."

For companies considering export to Japan, Mr. Jennewein's advice is to follow-up with contacts. "It's crucial that you maintain communication with the contacts you make." Turning to the issue of travel, he adds: "also, on a purely practical level, familiarize yourself with their train system in advance of your departure. Train connections in Japan are confusing so it's easy to get lost," he says. "As well, buying your train pass in Canada saves you money – transportation is much more expensive in Japan."

While exports to Japan currently represent only 5% of DCL's export market, Mr. Jennewein is confident that he'll see that number soon increase to the company's target of 20%.

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P.O. Box 90
Concord, ON
L4K 1B2
Phone: (902) 660-6450
Fax: (902) 660-6435
sjennewein@dcl-inc.com
www.dcl-inc.com

Contact:

Stefan Jennewein,
Manager,
Export Sales

Established:

1986

Employees:

approx. 85

Annual Sales:

\$22 Million

Export Sales to Japan:

\$200,000

Products:

Emission Control Systems For Internal Combustion Engines

JETRO Services:

Import Product Specialist Program

AGF MANAGEMENT LTD.

Contact Info:

Toronto Dominion
Bank Tower 31st Floor
Toronto, ON
M5K 1E9
Phone: (416) 367-1900
Fax: (416) 865-4297
tiger@agf.com
www.agf.com

Contact:

Fumie Sato,
Marketing

Established:

1957

Employees:

700

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Mutual Funds

JETRO Services:

Advisor on Investment
in Japan

Recognizing the importance and vast potential of the Japanese market, AGF Management Ltd. – one of Canada's largest mutual fund companies – has been focused on establishing strong ties with the Japanese investment community over the last thirty years. In 2000, AGF stepped up its commitment to Japan by forging a business alliance with Sumitomo Life Insurance Co. Ltd., becoming the first Canadian mutual fund company to open a branch office in the country.

Blake Goldring, president and chief executive officer, AGF Management Ltd., explains how the alliance furthers the company's mission. "AGF is taking important steps towards realizing our vision of becoming a global company with a Canadian home."

AGF, with more than 34 billion in managed assets and more than one million investors, has a long history of involvement with Japan. In 1970, the company launched the first Japanese equity fund into the Canadian market and in 1975, introduced the first Canadian equity fund in Japan.

In order to open its branch office in Tokyo, AGF made extensive use of JETRO resources, acquiring references of Japanese consultants and a greater understanding of Japanese culture. "JETRO's support helped make our expansion into Japan easier and more successful. They gave us real insight into the Japanese marketplace," says Randy Van Der Starren, senior vice president, AGF Management Ltd.

The reception celebrating the opening of the Japan office was held at the Canadian Embassy in Tokyo and was a tremendous success with more than 125 guests in attendance, including several dignitaries. The reception presented a harmonious blend of Canadian and Japanese traditions.

Currently AGF offers three funds for sale in Japan: AGF Japan Class fund, AGF European Growth fund and AGF Canadian Growth Equity fund. In 2001, the company will launch a range of offshore funds targeted to meet the needs of Japanese investors.

CLOUD MOUNTAIN INC.

Jon Cloud of Cloud Mountain Inc. had successfully exported raw ingredients to Japan for eight years before enlisting JETRO's help to export finished product to Japan. With JETRO's assistance, the company has, within the last nine months, started to export a diverse range of packaged products to Japan including, organic flour, pasta, kelp and soy products, apple cider, health candy bars and even organic cotton underwear. Although the company has been exporting finished product only a short time, Mr. Cloud is already optimistic about the future. Within the next year and a half, his goal is to see the company do \$1 million in sales in Japan.

The JETRO resources that Mr. Cloud utilized to further his research into the Japanese export of finished products included a database of potential clients and a workshop about the Japanese market. The workshop was, in fact, instrumental in helping him decide to commit the company to the project. Additionally, JETRO's Guelph senior trade advisor provided further assistance by introducing Cloud Mountain products to the Japanese market through Import Business News, a monthly bulletin of new products.

Mr. Cloud is enthusiastic about doing business in Japan. He appreciates the hospitable manner of the Japanese people he has encountered. "I value very highly the deep friendships I've formed in Japan," he says. "I have the kind of relationships with my Japanese clients that I want to have with all my customers." Mr. Cloud also enjoys travelling to Japan on business every three months.

Although enthusiastic about the Japanese, their culture and business practices, Mr. Cloud admits that a great deal of effort goes into being successful in Japan. "Be prepared for the long haul," is his advice to companies looking to export to Japan. "Canadian companies must be willing to provide a quality product; to listen to their clients' needs and respond accordingly. Be prepared to invest time and money and success will eventually come."

In Japan, Cloud Mountain faces the challenge of a small organic food market – less than 1% of Japan's food dollars go to organic products. By contrast, in the United States, 5% of food dollars are spent on organics. "It's a smaller market in Japan," Mr. Cloud says. "But for a small company like ours, the market is large enough."

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M6P 2H1
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cloudmtn@interlog.com

Contact:

Jon Cloud,
President

Established:

1972

Employees:

120

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Baker and Pastry Flours,
Semolina and Durum
Pasta, White and Whole
Grain Spelt, Health Food
Candy Bar, Kelp Prod-
ucts, Organic Apple
Cider and Juice, Soy
Products, Organic
Cotton Underwear

JETRO Services:

Senior Trade Advisor,
Import Business News,
Market Research,
Seminars

FERNDALE VINEYARDS INC.

Contact Info:

3026 8th Avenue
Jordan, ON
L0R 1S0
Phone: (905) 562-3494
Fax: (905) 562-4620
ferndale@champanade.com
www.champanade.com

Contact:

Ken Dupuis,
Product Department
Manager

Established:

1987

Employees:

8

Annual Sales:

37,000 cases of product

Export Sales to Japan:

n/a

Products:

Sparkling Grape Juices

JETRO Services:

Senior Trade Advisor,
Import Business News

“The Japanese appear to be quite health-oriented,” says Ken Dupuis, product department manager of Ferndale Vineyards Inc., a producer of champanade – sparkling grape juice made from Niagara grapes. “One Japanese company we’ve been negotiating with has asked that we even remove for them the tiny amount of preservative we use in our products. Fortunately for us, our juices are so finely filtered that they’ve a long shelf life without it.”

In addition to a predilection towards healthy products, Mr. Dupuis also notes the graciousness of the Japanese business people he has encountered. To illustrate, he shares his story of the Japanese father and son that came to tour the Ferndale facility. “They clearly enjoyed their visit, praising the vineyard, our production methods and our product. After the tour, we sat down to chat and the father handed me a brochure that revealed the large-scale and technological sophistication of his company. Despite his own personal success, he was very humble and nonetheless impressed by our operation – embryonic when compared to his own.”

The owners of Ferndale Vineyards first became interested in exporting to Japan when JETRO’s senior trade advisor in Guelph made contact with the company approximately one year ago. “They made it clear that they would do anything they could to assist us – we haven’t been disappointed,” Mr. Dupuis says.

Mr. Dupuis has been favorably impressed by JETRO’s services overall. “I’m really astonished by the efficiency of their staff and their care of us,” he says. As an example of their efforts he points out a profile of Ferndale that JETRO included in one of its trade publications. “JETRO put our juices in their international product magazine called Import Business News. All we had to do was supply the information and our art work and JETRO did the rest,” he says appreciatively. “A positive write-up and a photo of our juices were published in the magazine which JETRO then distributed to potential Japanese clients. Three companies expressed an interest and we’re in the process of shipping an order to Japan right now.”

“Call JETRO if you’re interested in exporting to Japan,” he advises. “They’ll let you know all the ins and outs of trade with Japan – no request you have is too big or too small.”

GUELPH FOOD TECHNOLOGY CENTRE

“The Japanese are very interested in continuing the development of their food safety systems – we’ve sent trainers to Japan since we started in the business,” explains Terry Maurice, CEO and President of the Guelph Food Technology Centre (GFTC). “Japanese companies want to be sure that their food safety systems and products meet world standards in order to effectively export their products abroad.”

On the product technology front, the GFTC development laboratories appeal to mid-size Japanese companies looking to have work done by the private sector in a confidential fashion. At the GFTC, technology developed for a client remains the property of the client after the contracted service has been performed. The technical staff of the GFTC and the various laboratories and pilot plants are ideal resources for Japanese companies who are in need of technical development support, whether it is new products or packaging.

Mr. Maurice has found working through JETRO very helpful in developing contacts with Japanese companies and in building trust with their executives. “It’s important to establish yourself through credible people – through JETRO there’s no time-wasting,” he says. “The Japanese operate on a trust system. To export to Japan you need to know people. The good thing is that once you establish a relationship, you have it for life – provided, of course, you are able to continually meet the client’s needs.”

JETRO helps the GFTC communicate with smaller companies that would otherwise be difficult for a Canadian company to contact. Japanese executives were also brought to the facility for a first-hand look at the GFTC’s services. JETRO’s senior trade advisor in Guelph assisted the GFTC in two specific projects, one in food technology and the other in food safety. The first project involved Japanese R&D investment to produce, through technological enhancements, an improvement in the nutritional value of a major product commodity. In the second project, JETRO contracted a food safety expert from the GFTC to go to Japan and assist Japanese food manufacturers in the areas of HACCP certification of their facilities and improvement of their overall food safety systems.

To effectively promote the GFTC’s services in Japan, the company has had its training materials professionally translated into Japanese. For face-to-face meetings, simultaneous translation was employed. “The greatest challenge in working with the Japanese is overcoming the language barrier,” Mr. Maurice says. “Presenting information has proved to be a good test of our training skills.” Mr. Maurice adds that language need not impede business when a company is promoting a good service and there are good intentions on both sides.

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www.gftc.ca

Contact:

Terry Maurice,
CEO & President

Established:

1995

Employees:

20 Full-time

Annual Sales:

\$3 Million

Export Sales to Japan:

n/a

Products:

Food Safety Training
And Food Technology
Consulting

JETRO Services:

Senior Trade Advisor

PACIFIC COAST FRUIT PRODUCTS LTD.

Contact Info:

34352 Industrial Way
Abbotsford, BC
V2S 7M6
Phone: (604) 850-3505
Fax: (604) 852-1535
dianne@pacificcoastfruit.com
www.pacificcoastfruit.com

Contact:

Dianne Klatt,
Co-Owner

Established:

1988

Employees:

20

Annual Sales:

\$16 Million

Export Sales to Japan:

\$350,000

Products:

Frozen Berries, Berry Juice
Concentrates and Purees

JETRO Services:

Senior Trade Advisor, Import
Business News

In her recent dealings with a Japanese buyer, Dianne Klatt of Pacific Coast Fruit Products Ltd. noted an insatiable desire for perfection, high standards and an endearing curiosity. "The Japanese strive for perfection in what they buy and they are willing to pay for it." In the case of Pacific Coast's berry juice concentrate, perfection entailed achieving a prescribed clarity in its appearance.

"Their specifications were very rigid," Ms. Klatt says. "We had to alter our processing techniques and ultimately our product in order to meet their requirements." In the end, Pacific Coast was well served by this Japanese experience – in addition to boosting sales, Pacific Coast learned how it could improve the quality of its concentrates through an equipment upgrade. Pacific Coast intends to upgrade its equipment in the near future and continue doing business with its new Japanese customer.

"The Japanese took an interest in every aspect of the business," says Ms. Klatt. "Before buying concentrate from us, they toured our berry fields and observed the harvesting as well as the processing. JETRO's explanations of Japanese business customs and practices helped us to understand and accommodate our customers."

Ms. Klatt was awed by the amount of work JETRO staff put into facilitating a deal between her company and a Japanese buyer. "JETRO's senior trade advisor in Guelph is one of the hardest working men I have ever worked with," she says. "He met with the buyer regularly and for a period, communicated with him daily over the phone. He acted as both interpreter and negotiator to forge a relationship between Pacific Coast and the Japanese buyer."

Prior attempts to export to Japan had met with only sporadic success. JETRO's intervention allowed Pacific Coast to forge a business relationship with a Japanese buyer that the company hopes to maintain for years to come. "Without their intervention, we never would have done business with this particular client and their services helped us overcome the barriers that exist on account of differences in language and business customs," Ms. Klatt explains.

"Go for it" is Ms. Klatt's advice to other companies interested in exporting to Japan. "If you have a quality product that is fairly priced, you should absolutely look to the Japanese market – especially if your company is on the West Coast – it makes sense."

INTERSPAN CANADA INC.

“Japan is a big market – a wealthy country that needs housing stock,” says Jim Collins, senior director of Interspan Canada Inc. “The Japanese like North American goods and so we’ve started to sell them our building products in the last few months.”

“JETRO was very helpful to us – inviting us to show at the JETRO Design Exhibit and the International Furniture Fair of Tokyo,” he says. “They’ve also provided us with a wealth of information – marketing and population studies, among other reports.”

The principle challenge that Interspan has had to overcome in its dealings with Japan is the different building standards – stringent fire standards, for example, that don’t permit some North American products to be sold in Japan. Mr. Collins also notes the challenge of producing to meet Japanese quality standards. “Products must reach Japan in showroom condition – shipping has to be undertaken with extreme care,” he says.

Interspan has been enjoying slow, steady growth in Japan according to Mr. Collins who recommends a long-term perspective when measuring business success in Japan. He forewarns: “if you go into the Japanese market, you must look long term – you must invest time building relationships and patiently await the returns.”

Mr. Collins likes the very personal approach of the Japanese marketplace, having made many good friends along the way. He succinctly describes the process: “you go over there and make friends and then do business with your friends.”

To overcome the Japanese-English language barrier, Interspan has recently hired a young person from Japan to facilitate communication between business partners. Mr. Collins refers to the hiring as a “necessary expense” for a company that plans to expand its client base and product offerings in the Japanese market.

“It’s an expensive market to deal in – inland transportation and visits to Japan are pricey,” Mr. Collins says. With perseverance however, seeking business opportunities in Japan proves worthwhile. Interspan currently ships goods to 20 Japanese customers – among them dealers and distributors as well as an exclusive agreement with one company on a line of outdoor furniture and electric fireplaces. Interspan’s total Japanese export sales in the last year were approximately \$3.5 million.

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jimc@interspancanada.com
www.interspancanada.com

Contact:

Jim Collins,
Senior Director

Established:

1989

Employees:

21

Annual Sales:

\$22 Million

Export Sales to Japan:

\$3.5 Million

Products:

Furniture, Building
Products and Manufac-
tured Housing

JETRO Services:

Import Product Special-
ist Program, Market
Research, Seminars,
Trade Tie-up Promotion
Program (TTPP)

DBA/LAZBOY (“LA-Z-BOY”)

Contact Info:

189 Deveault St., Unit 4
Hull, Quebec
J8Z 1S7
Phone: (819) 827-0153
Fax: (819) 771-1818
dbaprod@sprint.ca
www.lazboy.com

Contact:

Doug Barlett,
President

Established:

1928

Employees:

6

Annual Sales:

\$4 Million

Export Sales to Japan:

\$100,000

Products:

Reclining Chairs

JETRO Services:

Import Product Specialist Program

Doug Barlett, president of DBA/Lazboy Healthcare is cautious about predicting the future success of his business in Japan but “so far so good,” he says, referring to the Japanese client the company has managed to secure within the last year. DBA/Lazboy’s current partner is however limited to a highly specialized sector of the chair market – pairing the reclining Lazboys with kidney dialysis units for use in hospitals.

In future, Mr. Barlett envisions expanding distribution of his company’s famous reclining chair to Japan’s dominant consumer market. “We’ll have to make some product modifications to accommodate for size however. On average, the Japanese are smaller so we’ll need to scale the chairs down,” he says. In addition to undertaking product modification, Lazboy will turn to JETRO to help expand distribution of its products in Japan.

“It was through JETRO that we initially became interested in exporting to Japan – based on the market research and business opportunity information that the JETRO office provided to us,” Mr. Barlett explains. “JETRO also provided us with the opportunity to exhibit at a home-healthcare showcase in Tokyo where our product line was very well received.”

On the subject of showcases, Mr. Barlett offers some advice to interested companies. “If you get involved in product specialist showcases, allow time both before and after the show to line up meetings with potential Japanese clients. Make the most of your time in Japan – it only makes sense when you’re traveling that distance,” he says.

Although Mr. Barlett didn’t have the opportunity on his last trip to maximize his time with a schedule full of business meetings, he intends to do so on future more extended visits to Japan. “We hope to participate again in upcoming JETRO showcases.”

HEALTH BRIDGES INC.

“Don’t expect to be an overnight success,” Ellen Quigley of Health Bridges Inc. cautions companies interested in exporting to Japan. “You must develop relationships with Japanese companies over a period of time – from two to four years. They first need to believe in you and your product before they do business with you. Without JETRO we wouldn’t have known how to start building these relationships.”

JETRO services nurture trusting relationships between Canadian and Japanese companies through their quality assessments. Canadian companies and products promoted by JETRO through the Import Product Specialist Program are carefully screened by experts who only promote products that meet Japanese high standards. Prospective Japanese clients trust JETRO’s endorsement and accordingly, are more inclined to believe in the quality of the product and its manufacturer.

Ms. Quigley credits JETRO with introducing the company’s posture correction product to the Japanese market. “We wouldn’t have had the opportunity to explore the Japanese market without them,” she says. “Although we haven’t as yet secured any long-term deals with Japanese distributors, we are confident that in time, through persistence and JETRO’s help, we will find large distributors to buy our product.”

A unique challenge that the company has faced in its efforts to export to Japan is understanding the social health care regime and categorizing the Health Bridges product within its provisions so that Japanese consumers are covered. The product falls between two categories so that coverage is not always a certainty. Other obstacles Health Bridges’ founders encounter in their dealings with the Japanese are language and cultural barriers that impede business communications – JETRO’s representatives have greatly alleviated the company of these difficulties.

Ms. Quigley describes the Japanese export experience as eye-opening. “You learn a lot about different types of business practices and consumer expectations.” She advises that companies aiming to export to Japan remain adaptable. “Some health devices have to be altered to accommodate smaller-sized people,” she says adding: “It’s also important to have a flexible mindset. Marketing products to Japan is difficult – the process is slower than in North America and because of the geographic distance, more expensive too.”

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Phone: (709) 738-5908
Fax: (709) 722-5527
hbi@healthbridges.com
www.healthbridges.com

Contact:

Ellen Quigley,
Marketing Director

Established:

1995

Employees:

4

Annual Sales:

n/a

Export sales to Japan:

n/a

Products:

Set of Three Wooden
Posture Correction
Devices

JETRO Services:

Import Product Specialist Program

EPICENT INC.

Contact Info:

128 Montgomery Ave.
Toronto, ON
M4R 1E2
Phone: (416) 899-1680
sfry@epicent.net
www.epicent.net

Contact:

Steve Fry,
Vice President International

Established:

2000

Employees:

5

Annual Sales:

\$1.2 Million

Export Sales to Japan:

n/a

Products:

Internet Development
Services

JETRO Services:

Japanese IT Mission to
Canada, Techno-Business
Forum

“We’re hoping to clinch our first deal in Japan within the next week,” says Steve Fry, Vice President International of Epicent, an Internet development services company that helps enterprises integrate the internet into their businesses. “We’re currently negotiating with a web development company in Nagoya to take on a project for one of their clients – a very large Japanese company.”

When asked why the Japanese web development company wasn’t utilizing its own talent to service its client, Mr. Fry explained that the supply of highly skilled web developers in Japan is scarce while demand is great. In addition, as the practice of hiring people on contract becomes more widespread in Japan, a company like Epicent’s potential partner has fewer qualified contractors to source in Japan – it therefore turns to a foreign labour pool such as Canada’s to find web developers.

“Ultimately, as a company, we’d like to become a broker between Japanese and Canadian companies,” Mr. Fry says. “We could determine the needs of Japanese companies’ web development needs, source Canadian talent to carry out the work required and manage the project out of Canada. While fulfilling an important requirement of Japanese businesses, Epicent would also provide opportunities for Canadians skilled in the field of Internet development.”

Epicent’s vision for the future as broker between Japanese and Canadian companies was born out of a relationship forged through JETRO’s IT Mission. Mr. Fry explains: “At JETRO’s IT Mission, we were introduced to a Tokyo-based company called Junction, very similar to our own – essentially a team of project managers. Junction was seeking to expand its services to clients without undertaking the difficult task of recruiting web developers in the Japanese market. We offered to provide the talent they were looking for,” he says. “We’re now just waiting for an appropriate project we can work on successfully together – a good test case for future collaboration.”

Mr. Fry is optimistic about future business in Japan. “Besides being from two to three years ahead of the Japanese in Internet development, the current exchange rate makes the services of Canadian companies such as ours very competitive,” he says. “Despite the economic slowdown there, Japanese businesses continue to invest in the Internet for fear of being left behind.”

“We’re hoping all the time we’ve invested in getting to know our prospective partners pays off. If we can sign a contract and deliver successfully – up to now we’ve had 100% consumer satisfaction,” Mr. Fry says confidently, “we believe they’ll keep coming back to us.”

GREENWOOD MULTIMEDIA

Patrick Chun, director of Greenwood Multimedia, has observed in his exchanges with Japanese business people that the quality of a product is emphasized over price. "Don't talk price at the beginning – in Japan, quality is paramount," he says. Keenly aware of Mr. Chun's astute observation, JETRO has ensured that Japanese companies will associate quality with Greenwood's interactive ESL software by having it evaluated by a Japanese product specialist.

"When a JETRO product specialist officially assesses a product, such as our own, as superior, the product gains enormous credibility," Mr. Chun says. "Japanese executives are grateful because they don't have to undertake all the research at great time and expense to their companies."

Greenwood began exporting to Japan in 1996, two years after the company was founded. Mr. Chun says that the company was quick to pursue the Japanese market for its size and income potential, as well as, the opportunity to fulfill a great need young Japanese people have to efficiently and effectively learn English. "On the West Coast, we encountered a lot of Japanese students who indicated how important English is for their careers – we set out to fulfill that need."

The company has been very successful in its Japanese export efforts, having distributed 10,000 CD-ROM products to date. Mr. Chun credits JETRO with being instrumental to Greenwood's success in several ways, among them: inviting the company to exhibit at the Comdex trade show in Japan, giving Greenwood access to JETRO's database of Japanese companies and featuring Greenwood and its products in a newsletter JETRO distributes to Japanese companies. "The newsletter proved to be an excellent communication tool," Mr. Chun says. "It's important to have your product explained to these companies in proper translation – the newsletter alone generated 12 inquiries."

Mr. Chun describes his dealings in Japan as very educational. Greenwood's Japanese export know-how has matured considerably over the past few years. With its wealth of acquired knowledge, the company is looking to repeat its CD-ROM success in the Internet market, offering ESL courses on-line. Mr. Chun says Greenwood will turn to JETRO for assistance in realizing its goals. "Without JETRO, we would never have gotten started in Japan."

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www.greenwood.ca

Contact:

Patrick Chun,
Director

Established:

1994

Employees:

6

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Interactive ESL Learning
Software For Children
And Young Adults

JETRO Services:

Advisor on Investment
in Japan, Senior Trade
Advisor, Import Busi-
ness News, Trade Tie-up
Promotion Program
(TTPP), Japanese IT
Mission to Canada

iNAGO INC.

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M5V 1X2
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rond@inago.com
www.inago.com

Contact:

Ron Di Carlantonio,
President & CEO

Established:

1995

Employees:

18

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

NetPeople is iNAGO's proprietary platform technology for fully integrated, human-like interaction via any web device.

JETRO Services:

Advisor on Investment in Japan, Japanese IT Mission to Canada

"In April, we'll be launching the first-ever virtual customer service representative in Japan," says iNAGO president Ron Di Carlantonio, referring to the company's e-business agent who will provide support and 24-hour service to the online customers of iNAGO clients.

If such a creation is difficult to imagine, Mr. Di Carlantonio suggests a sampling from iNAGO's web site at www.inago.com. There, the incredulous will find "Mona," the company's original 3-D, green, talking character – in the flesh, so to speak.

While Japan might seem an exotic and potentially risky location for the launch of a Canadian product, Mr. Di Carlantonio convincingly explains the reasons behind that choice: "The Japanese market is huge," he says off the top, "and the high cost of living there allows you to charge significantly more for your product." In addition, he continues: "Japan has been behind North America in the software industry and is eager to import from abroad – the choice to launch in Japan was a natural one for iNAGO."

Unlike a majority of Canadian company executives, Mr. Di Carlantonio feels quite at home doing business in the Japanese market. Following his graduation from the University of Waterloo, he went straight to Japan to live and work. During the time he spent there, he learned to speak Japanese fluently. He also grew a successful business and made valuable business connections. "I have more important connections in Japan than here in Canada," he admits.

JETRO was able to further iNAGO's already well-established network with some introductions to significant contacts – in particular to Sumitomo Canada Ltd. who went on to become an important iNAGO investor. Mr. Di Carlantonio also turned to JETRO for help when he first went to launch the company in Japan. "We used JETRO's free accounting and legal services to learn about certain tax issues involved in exporting to Japan," he explains. "We received some good information without a big investment on our part."

Last year's Japanese IT Mission to Canada also proved very useful to iNAGO. "The forum allowed us to show our stuff to the Japanese companies in attendance – among them a number of big potential clients," Mr. DiCarlantonio says enthusiastically. "Also, as a result of the IT Business Forum, we'll be featured in Nikkei – Japan's premier financial newspaper."

While Mr. Di Carlantonio's plans for iNAGO are, in the immediate future, to ensure the company's success in Japan, he intends thereafter, to pursue iNAGO's success in North America. "We're sort of working in reverse," he says. "We'll use our success in Japan as a model to launch the business in North America. Our expectations are high," he says confidently, adding: "iNAGO's success in Japan is key."

JAPAN INTERNET COMMUNICATIONS SERVICE INC. (JICS)

Nino de la Torre, president of Japan Internet Communications Service Inc. (JICS) has much advice for companies looking to export goods and services to Japan – as he should when you take into account the type of company he leads. JICS provides a variety of multi-media services – from web site creation and translation to graphic design and the production of custom-shaped CD-ROM business cards – each designed to facilitate North American companies' entry into the Japanese market and, likewise, the entry of Japanese companies into the North American market.

“Make sure your initial communications are perfect and correct,” he advises. “A company like JICS can provide you with quality translations and targeted marketing communications to improve your chances of success in Japan.”

In the past, Mr. de la Torre has used JETRO's library of resources and contact database to gather information for his clients. As well, for the distribution of JIC's own invention – the custom-shaped CD-ROM business card – Mr. de la Torre has used JETRO's database to find potential suppliers and distributors.

Today, JICS has 10 distributors in Japan – multimedia companies who order JICS CD-ROM cards for their own clients, customizing the content in accordance with their needs.

According to Mr. de la Torre, one key to success in Japan is meeting the exacting demands of Japanese clients. He has learned from experience that even the smallest divergence from an agreement can leave a Japanese customer dissatisfied. “In one case, the CD-cards we produced were 0.5 mm off in size from what the customer had asked for – a variation that's quite normal with mass production,” he recounts. “We ultimately had to re-do the order three more times in order to satisfy that particular client – with whom we're on very good terms now,” he is careful to add.

Mr. de la Torre emphasizes the importance of quality and keeping to customer specifications. “The Japanese don't like even the smallest of surprises – it's important to provide all information up front,” he says. “If you break trust with a Japanese client, it's difficult to continue on with them and the rift may eventually, by word of mouth, affect your company's relationship with other potential Japanese clients too.”

JICS intends to maintain its solid reputation in Japan well into the future as the company continues to grow. JICS has plans to introduce custom-shaped DVDs as well as a number of other online products that remain confidential. What Mr. de la Torre will disclose however is that “they'll involve the Internet and shopping and definitely be geared towards the Japanese market.”

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nino@jics.com
www.jics.com

Contact:

Nino de la Torre,
President

Established:

1996

Employees:

5

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Custom-Shaped CD-ROM Cards, Business Web Site Production, Translation, Copywriting, Graphic Design, Multi-media Production and Programming

JETRO Services:

Trade Tie-up Promotion Program (TTPP), Market Research

PHOENIX TECHNOLOGIES INC.

Contact Info:

4302 Norfolk St.
Burnaby, BC
Canada V5G 4J9
Phone: (604) 321-3238
Fax: (604) 321-3286
marketing@ptiphoenix.com
www.ptiphoenix.com

Contact:

Dr. Chris Ma

Established:

1996

Employees:

20

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Real-Time, Active-Target,
Motion Capture System

JETRO Services:

Advisor on Investment in
Japan, Senior Trade Advi-
sor, Import Business News,
Japanese IT Mission to
Canada

Phoenix Technologies Inc. had no troubles exporting its real-time, active-target, motion capture system to Japan, according to Dr. Chris Ma who says: “a Japanese partner wanted to buy the technology as soon as I presented it.” Dr. Ma tells the story: “Our Japanese partner came to Vancouver in October with 40 other companies on an IT mission organized by JETRO. The Japanese company immediately recognized the exceptional speed, portability and cost effectiveness of our system and purchased it within two weeks time,” he explains.

Phoenix Technologies had its sights set on Japan from the beginning knowing how strong the Japanese are in animation and computer game technology. “We knew our system would help them make lots of money in the animation software industry,” he says confidently. “It’s an excellent example of technology meeting needs perfectly.”

Dr. Ma notes that the Japanese market would have been more difficult to crack had he not sought JETRO’s assistance. “I tried for about a year and a half through friends and other channels without success. The IT mission ended up being the best way,” he says. “Once you acquire the trust of Japanese companies, a transaction can be very fast. It also helps that Japanese companies see what you’re offering. I needed to be among them to demonstrate my system – to show them it was legitimate.”

Dr. Ma encourages Canadian technology companies to seek business opportunities in Japan. “Don’t be shy to present your technology to the Japanese – it’s true they’re advanced in technology but they don’t yet have all the technology they need,” he says. “Japan is trying to balance its exports with imports – with the Japanese government encouraging importation, it’s a great time to consider their market.”

The future prospects of Phoenix Technologies look bright. Aside from the motion capture system’s use in animation, it has further applications in the areas of virtual reality creation and medicine, among other fields. Phoenix Technology’s next move will be to look for a Japanese distributor, that is, if their first buyer doesn’t in fact soon become the company’s first distributor as well. The Japanese buyer has apparently already expressed an interest.

PITCH INSTRUMENTS INC.

“We attended two JETRO presentations in Toronto and a week-long trip to Tokyo that JETRO organized to help Canadian companies make Japanese contacts,” says Philippe Martin, research scientist at Pitch Instruments Inc., a developer of speech analysis software used in foreign language teaching.

“We’ve been exporting our speech analysis software to Japan for four years now,” he says. “Although we haven’t secured a Japanese distributor as yet, we’ve been able to successfully export the software directly to Japanese universities and language schools.”

Pitch Instruments has found gaining credibility in Japan to be a great challenge. “It’s very hard to be a small software company and be credible in Japan,” Mr. Martin explains: “it appears the preference there is to go through large corporations.”

Through JETRO’s Techno-Business Forum, Mr. Martin gained the company’s initial contacts in Japan and subsequently turned to friends working in Japan to introduce the software into language academies. “JETRO is helpful for business introductions and for familiarizing a company with Japanese culture,” he says.

Mr. Martin’s advice to companies interested in exporting to Japan is to firstly, ensure that the product is excellent and secondly, to pay careful attention to presentation. “Presentation in Japan is even more important than it is in Europe,” he emphasizes.

Pitch Instruments will be applying its own advice on presentation in the near future when it looks to produce new versions of its software. To make its product more enticing and user-friendly to the Japanese market, the company will adapt its software interfaces to the Japanese mindset – moving away from its currently American style. “Perhaps even more so than the end users, it’s Japanese marketers that you must keep in mind when designing the look of your product.”

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www.winpitch.com

Contact:

Philippe Martin,
Research Scientist

Established:

1981

Employees:

2

Annual Sales:

\$50,000

Export Sales to Japan:

\$20,000

Products:

Speech Analysis Software

JETRO Services:

Techno-Business Forum,
Seminars

QNX SOFTWARE SYSTEMS LTD.

Contact Info:

175 Terrence Matthews
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K2M 1W8
Phone: (613) 271-9230
Fax: (613) 591-3579
webmaster@qnx.com
www.qnx.com

Contact:

Andrea Youdale,
Vice President,
International Operations

Established:

1980

Employees:

250

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Real-Time Operating
Systems

JETRO Services:

Advisor on Investment
in Japan

QNX Software Systems Ltd., the world's leading provider of real time operating systems used in embedded systems, established QNX Software Systems Ltd. Japan (QNX Japan) in Tokyo on June 20, 2000.

QNX Software Systems has been working with OEM customers in Japan through indirect distribution channels for over 10 years and enjoys close ties with some of Japan's most respected hardware and advanced software companies, including Seiko Epson, NEC, Hitachi and VACS.

According to Jeffrey Baer, representative director of QNX Japan, intensifying the company's presence in Japan was a logical progression. "As Japanese manufacturers are at the forefront of the rapidly evolving market for next generation e-devices, such as intelligent automobile systems and networked household appliances, it was a natural step for us to further solidify our presence in Japan to enable us to work more closely with our OEM partners."

QNX Software Systems took the initial step of setting up a Tokyo business office in Japan in October, 1999. To do this, QNX utilized the resources of JETRO. One way that JETRO's help proved invaluable was the information resources and help given by the experienced personnel at JETRO Toronto.

"JETRO offered practical guides and reference materials about doing business in Japan," comments Mr. Baer. "They also stayed in contact with us as we investigated our options in the Japanese market, including providing feedback on our structuring and investment options."

Going forward, QNX Japan will continue to deepen its ties with leading OEMs in Japan and roll out products such as the QNX real time platform. "Our goal is to gain strategic design wins, such as the one we just announced with Seiko Epson for its INTERGATE in-store sales systems. We expect QNX Japan sales will comprise 20% of total company revenue within three years," says Mr. Baer.

TARGETNET

“The Japanese are very particular and quality driven,” says Hideki Sumi, director of business development for Targetnet, an Internet ad distributor. “They expect careful service, quick-response customer support and 100% accuracy.”

Targetnet only started business in Japan in 1998 and has already, with JETRO’s help, since acquired 20 Japanese customers. Not yet satisfied with current levels of success however, the company is trying to further expand its client base. “It’s tough in Japan because industries are very exclusive there,” Mr. Sumi reveals. “The Japanese distinguish outsiders from insiders and we’re definitely outsiders right now,” he says.

Exporting to Japan remains appealing to Mr. Sumi nonetheless. On a personal level he likes maintaining a connection with the country of his birth while on a professional level, he finds the Internet industry dynamic and fascinatingly borderless. “Even from Toronto, Targetnet can support its customers in Japan,” he says.

The most profound challenges of doing business in Japan are, according to Mr. Sumi, keeping up with rapidly changing business trends and keeping ahead of the competition. “Trends change so quickly in Japan and there’s always heavy competition to contend with,” he says.

Mr. Sumi explains that the Japanese are very skilled at taking good business ideas and making them their own. “For Canadian companies the trick then is to market something that’s difficult to copy,” Mr. Sumi advises adding: “Since we started in 1998, as the sole providers of our services, 10 competitors have cropped up in Japan.”

In the face of growing competition, Mr. Sumi remains nonetheless hopeful and ambitious for Targetnet. “First Japan, then Asia,” he says. “If we are successful in Japan, we’ll look to expanding the business to surrounding Asian countries.”

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Contact:

Hideki Sumi,
Director of Business
Development

Established:

1997

Employees:

50

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Internet Ad Distributor

JETRO Services:

Advisor on Investment in
Japan

TELESIS NORTH INC.

Contact Info:

35 The Links Rd.
Suite 210
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M2P 1T7
Phone: (416) 229-9666
Fax: (416) 229-1396
liz-forester@telesis.onair.net
www.telesisnorth.com

Contact:

Elizabeth Forester,
*Director of Business
Development*

Established:

1989

Employees:

14

Annual Sales:

\$1 Million

Export Sales to Japan:

approx. \$150-200,000

Products:

Mobile Connectivity
Software

JETRO Services:

Techno-Business Forum,
Market Research, Seminars

“I learned a lot walking about at the Techno-Business Forum that JETRO invited us to,” says Elizabeth Forester, director of business development at Telesis North Inc. “I spoke to exhibitors of companies that had successfully exported to Japan to figure out the needs of Japanese business.” From her discussions, Ms. Forester concluded that Telesis should re-position its mobile connectivity products for the manufacturing sector. The wisdom of this approach was confirmed when Japanese companies inquired into purchasing components from Telesis to improve their own production techniques.

“It’s really important to understand the Japanese mind-set, to know what particular technology the Japanese are interested in,” she says. “In wireless, for example, they have different networks than those in North America.” Telesis was fortunate to have a product perfectly suited to the Japanese market. The company’s mobile connectivity software for use in the Maritime sector was quickly and favorably received in Japan.

Telesis presently has an ambitious distributor in Japan who uses Telesis software to offer a service to local Japanese companies. As the distributor’s business in Japan grows, Telesis, in turn, begins to develop a name in Japan.

“We’re delighted with our success – once you have someone in the region, you have something to build on,” Ms. Forester says. “It’s a major achievement to have a strong partner in Japan.” To add to its success, Telesis is now searching for a second Japanese partner to sell the company’s technology to large Japanese corporations.

Telesis has made good use of JETRO resources. Besides exhibiting at the Techno-Business Forum, company representatives have attended JETRO meetings and seminars about doing business in Japan and JETRO has connected Telesis with prospective Japanese clients.

“JETRO provided us with the opportunity to understand the Japanese market – through JETRO services, we learned what products are of interest to Japanese clients.” Ms. Forester concludes, “JETRO is doing a great job for Telesis.”

“JETRO played a crucial role in helping us establish a Japanese version of our site in Japan,” says Eric Michael Cole, Director of Asian Business Development for Worldbid.com – a business-to-business website that facilitates international trade on the Internet.

“The JETRO Vancouver office was very helpful in identifying Japanese companies we might partner with – providing introductions, contacts and lots of literature,” he says. “JETRO services can’t be beat. They offer the help exporters need to crack the Japanese market.”

Mr. Cole found that the biggest challenge Worldbid confronted in breaking into the Japanese market was finding a Japanese partner with the know-how to educate Japanese customers about the value of Worldbid’s services. Language and cultural differences were less problematic because of his own Japanese language skills and familiarity with the country.

“Language and culture shouldn’t however discourage companies from seeking business opportunities in Japan,” Mr. Cole explains. “Japan is a big market that small high-tech companies should look at seriously.”

Mr. Cole believes a greater difficulty small high-tech companies face in Japan is expense and the perfectionistic tendencies of Japanese clients. “They’re sophisticated customers who scrutinize products before they invest in them,” he says. “The Japanese have a motto that ‘the customer is God’ so for them, products and services must be perfect.”

With a Japanese partner now on board, Worldbid’s future plans are set. The Internet company will look to its Japanese partner to provide marketing and advertising support for the site and assist the company to find partners in Asia who will help Worldbid expand its services to include automatic debit payment and shipping, among others. Although the business is still in its early stages, Mr. Cole anticipates ultimate success.

A bit of advice he gives to small high techs looking for success in Japan is to make socializing a priority. “If you want to succeed in IT, you must be prepared to spend lots of evening time socializing in the pubs where IT people meet,” he says. “Employees are so busy in the day, they need to network at night – it’s a big part of doing business in Japan.”

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Contact:

Eric Michael Cole,
Director of Asian
Business Development

Established:

1998

Employees:

40

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Business-to-business
website to facilitate
International trade on
the Internet

JETRO Services:

Market Research

IDEAS THAT PLAY (ITP ENTERTAINMENT INC.)

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angele@ideasthatplay.com
www.ideasthatplay.com

Contact:

Angèle Beausoleil,
President & CEO

Established:

1998

Employees:

9

Annual Sales:

\$110,000

Export Sales to Japan:

\$10,000

Products:

Buddy Brush And The
Painted Playhouse –
Animated Educational
Software

JETRO Services:

Import Product Special-
ist Program, Market
Research

Angèle Beausoleil, artist, designer and marketer for Ideas That Play, had little difficulty exporting Buddy Brush and the Painted Playhouse to the Japanese market. The Japanese interest in ITP's product was immediate and, once a distribution deal was signed, the product was quickly manufactured and packaged for the Japanese market.

Ms. Beausoleil attributes the company's instant success in Japan to the universal appeal of her child software. "The product didn't require localization. Buddy is a wordless, animated program that was developed with the global marketplace in mind," she explains. "Japan was especially quick to embrace the product because of its animation – a style that has broad appeal in Japan."

JETRO services were key to getting ITP started in Japan. JETRO staff undertook preliminary market research and supplied ITP with promotional materials. ITP was then invited to participate in JETRO's Import Product Specialist Program where the company came into contact with several interested publishers and distributors. From that showcase, ITP selected a business partner to publish and distribute Buddy Brush and the Painted Playhouse in Japan.

Ms. Beausoleil's advice to companies trying to break into the Japanese market is to adapt products to suit Japanese taste. "Be informed about what the Japanese consumer is looking for and develop the product with that in mind," she says. "If you have a product that is very well suited to Japan, you will see success."

Although garnering product interest was not an obstacle in Japan, ITP now faces the challenge of effectively marketing the product there. "In Japan, there is greater product segmentation than in North America," Ms. Beausoleil says. "Whereas in Canada, our software would be sold in a variety of stores – toy stores, gift shops, department stores – in Japan, the tendency is to make it available only in high-tech computer software stores. We are trying to encourage a more creative approach in how our product is marketed in Japan so that our target consumer group – mothers – are made aware of it."

It's only been a year of export to Japan – a little too soon to judge ITP's success in that market, however, Ms. Beausoleil is ambitious and optimistic. "We currently have one product being exported to Japan; by next year, we hope to have three," she says adding: "We aim, eventually, to have Japan rank among our top five markets internationally."

TECHNICHE INTERNATIONAL INC.

“We wanted to become an international company,” says Robert Biro, President of TechNiche International Inc., explaining his company’s interest in Japan as an export market. He adds: “we wanted to diversify without putting all our eggs in the U.S. basket.”

The U.S. is in fact the company’s largest foreign market, importing the bulk of TechNiche’s Cool-U Safety Products – two lines of clothing designed for heat-exposed workers, such as firefighters and welders, who require stay-cool garments. TechNiche carries a phase-change cooling line that holds refrigerated inserts to maintain a constant temperature for two to three hours. Another line that uses an evaporative cooling technology features garments that – upon hydration – stay cold for 24-72 hours.

“Adapting the product for the Japanese market was relatively easy for us,” Mr. Biro says. “Interested Japanese companies were satisfied with the quality – the only adjustment was size-related. Because Japanese people are smaller, we sell more of the small and medium sizes.”

“The greatest challenge was adopting the Japanese way of doing business,” explains Mr. Biro. “I was forewarned by a professor in my MBA program that the Japanese way is a slow process of relationship building but I wasn’t prepared for the four sixteen-hour days I spent entertaining our eventual partner.” Mr. Biro describes the pace of his social agenda over the four days: “we went sight-seeing, to restaurants, out for coffee,” he says. “Very little of our conversation revolved around business – maybe 10% – the rest of the time we talked about beliefs, values and family – everything except business.”

Mr. Biro notes the sharp contrast between the American style of doing business – a manner to which he’s accustomed – and the Japanese style. “In the U.S. deals are made in five minutes,” he says. “It’s an abrupt process that leaves you in no doubt as to where you stand. With Japanese business people, you might spend several days talking without knowing whether you’re going to come to an agreement.”

In the case of TechNiche, the company did in fact sign an agreement with a Japanese partner – an exclusive contract whereby TechNiche is to supply the Japanese company to the exclusion of all its competitors in Japan. So far the arrangement has worked out well. “We’ve managed to diversify our source of revenue and we’re looking forward to another successful summer season.”

Mr. Biro’s advice to companies eyeing Japan as an export destination: “be patient and make sure your product is outstanding.” Additionally, he notes JETRO’s contribution to TechNiche’s success. “Through our appearance in JETRO’s Import Business News, we received five inquiries from Japanese companies and from these, the one that eventually became our exclusive partner,” he says. “JETRO provided TechNiche with the avenue through which we were able to make ourselves known in Japan.”

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Robert Biro,
President

Established:

1998

Employees:

17

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Safety Products

JETRO Services:

Senior Trade Advisor,
Import Business News

THIS IS IT DESIGN INC.

Contact Info:

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V6A 2P3
Phone: (604) 682-8447
Fax: (604) 683-8447
info@thisisit.ca

Contact:

Beth Hawthorn,
President

Established:

1996

Employees:

4

Annual Sales:

n/a

Export Sales to Japan:

n/a

Products:

Home Accessories And
Glass Tabletops

JETRO Services:

Import Product Special-
ist Program, Market
Research

“I lived in Japan for a year and found I liked their business ethics and customs,” says Beth Hawthorn, president of this is it design inc., referring to her initial interest in exporting to Japan.

“When we first started this is it design inc. in 1996, we immediately called the JETRO office because we felt that our home accessories and glass tabletops were better suited to an international market,” she says. “From there everything happened really quickly. A JETRO product representative came to see us, chose products he felt would work in the Japanese market and included them in a JETRO tradeshow.”

Ms. Hawthorn and business partner, Robert Studer, have since attended a second JETRO tradeshow at which the co-founders encountered their first distributor. “Business in Japan has been very successful so far,” she says enthusiastically. We’ve received lots of support from JETRO – information on which companies to target and how to do business in Japan.”

Ms. Hawthorn and Mr. Studer now go to Japan once a year to follow-up with their Japanese clients and are constantly introducing new products to market. “From our product line, we have extended our business in Japan to include the creation of custom projects – architectural glass work for offices and restaurants.”

Ms. Hawthorn’s advice to businesses interested in exporting to Japan is to be serious and committed. “The Japanese are serious and committed and they expect the same in return,” she says. She further advises that business owners actually go to Japan in order to develop business ties. “It’s an investment but you must be present to develop relationships in Japan.”

Clearly, the investment this is it design inc. has made in Japan has paid off. Ms. Hawthorn enjoys the characteristic features of Japanese business. “We appreciate their decisiveness – when they make a decision, they follow through,” she says. “Their clear mandate makes things very easy for us.”

this is it design inc.’s Japanese clients in turn reap the benefits of doing business with their Canadian counterparts. “We’re always respectful and prompt in responding to their needs,” Ms. Hawthorn assures, adding: “They like Canadian products, especially items from Vancouver – they have a positive image of Vancouver.”

WILD BIRD TRADE CO.

How do you create a market for a product in a foreign country with a completely different culture? That's the question Mark Bennett was asking himself when he decided he should export Wild Bird Trade Co. products to Japan. "Feeding wild birds is a completely new thing in Japan," says Mr. Bennett, president of Wild Bird Trade Co. "The idea is completely foreign to their society – we expected to encounter skepticism."

"The people at JETRO were eager to help us get started," Mr. Bennett says. "Our initial encounter with JETRO occurred at the Canadian Gift and Tableware Association Trade Show where they explained to us the services that they could provide to further our company's success in the Japanese market."

JETRO took some Wild Bird Trade Co. products to the Ambiente '99 Show in Japan. At the show, JETRO was able to show Mr. Bennett's wares without him making the trip overseas. Once the JETRO representatives returned from the show, they presented him with a list of 33 companies that had shown an interest in pursuing a business relationship with the Wild Bird Trade Co..

Although receiving interest from potential partners is a giant leap forward, Mr. Bennett cautions that it still takes a great deal more effort to actually develop business relationships and sell products to Japanese companies. "The Japanese market is different from other markets that we have dealt with," Mr. Bennett says. "There are subtle things, such as the manner of interaction, that make our two markets very different. It's important to conduct thorough research into the Japanese market or, for that matter, any other market you wish to crack. For information on Japan, JETRO's resources are unbeatable."

For the time being, Mr. Bennett is content with the progress that's been made in Japan. Wild Bird Trade Co. has recently filled an order for Hirai International, owner of a Japanese retail chain called Cottage Garden. "It's a start," he says brightly. "It looks like we're on our way to developing an ongoing relationship."

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Contact:

Mark Bennett,
President

Established:

1993

Employees:

10

Annual Sales:

\$1-2 Million

Export Sales to Japan:

n/a

Products:

Wild Bird Feeders, Food
and Accessories

JETRO Services:

Import Product Specialist
Program

A HISTORY OF SUCCESS

JETRO Toronto has been making an annual publication called 'Success in the Making' since 1995, in cooperation with JETRO Vancouver and JETRO Montreal, in order to introduce the experiences of Canadian companies that have successfully penetrated the Japanese market and have participated in JETRO Programs. We hope to encourage other Canadian companies to enter the Japanese market with these case studies.

Below is an outline of the 182 Canadian companies introduced in the publication from 1995 to the end of 2000.

SUMMARY OF SUCCESS STORIES 1995 - 2000

Product Category	Number	Provincial Breakdown	
Automotive Parts	1	Ontario - 1	
Chemical Products	1	Alberta - 1	
Construction & Housing Products	60	B.C. - 24	Quebec - 5
		Alberta - 1	Nova Scotia - 3
		Saskatchewan - 1	New Brunswick - 3
		Manitoba - 2	Newfoundland - 1
		Ontario - 20	
Environmental Products	3	Ontario - 2	Nova Scotia - 1
Fashion Products	6	B.C. - 4	Newfoundland - 1
		Ontario - 1	
Financial Products	1	Ontario - 1	
Food & Beverage Products	25	B.C. - 8	Quebec - 2
		Alberta - 2	Nova Scotia - 3
		Saskatchewan - 1	Newfoundland - 1
		Ontario - 8	
Furniture Products	11	BC - 2	Ontario - 4
		Alberta - 3	Quebec - 1
		Manitoba - 1	
Healthcare Products	19	BC - 1	Ontario - 10
		Alberta - 1	Quebec - 4
		Manitoba - 2	Newfoundland - 1
Industrial Products	2	B.C. - 1	Ontario - 1
Scientific Products	2	Ontario - 2	
Technology Products	36	B.C. - 10	Ontario - 20
		Alberta - 2	Quebec - 4
Miscellaneous Products	15	BC - 4	Quebec - 3
		Alberta - 2	Nova Scotia - 1
		Ontario - 5	
Total	182	Canada	

WHAT IS JETRO/ICF?

JETRO

The Japan External Trade Organization (JETRO) is a non-profit, government-related organization dedicated to promoting mutually beneficial trade and economic relationships between Japan and other nations. Headquartered in Tokyo, JETRO has a network of 38 offices in Japan and 80 overseas offices located in 59 countries.

JETRO has 3 offices in Canada – in Toronto, Montreal and Vancouver. There are also two JETRO senior trade advisors posted in Guelph and Vancouver. JETRO works closely with all levels of government and industry organizations in supporting Canadian companies in their efforts to enter the Japanese market. JETRO's activities in Canada are designed to assist small and medium-sized companies export to and invest in Japan as well as to promote industrial co-operation, strategic alliances and region-to-region trade and business links.

In July 1998, JETRO merged with the Institute of Developing Economies (IDE), Japan's largest institution for regional and economic development research. The merger transforms JETRO into a new organization with comprehensive capabilities in trade/investment promotion and research on economic and related affairs in developing regions.

ICF

Formed in 1993, the Canada-Japan Industrial Co-operation (ICF) was established upon the initiative of JETRO for the purpose of strengthening industrial co-operation between Canadian and Japanese enterprises and facilitating the collaboration of relevant government offices in both Canada and Japan.

The ICF is comprised of the Canadian Chamber of Commerce, Canadian Manufacturers & Exporters (formerly Alliance of Manufacturers & Exporters Canada), the Toronto Japanese Association of Commerce and Industry (Shokokai) and JETRO, which acts as Secretariat to the ICF. "Ex-officio" members include, as appropriate, representatives from Agriculture Canada, Natural Resources Canada, the Department of Foreign Affairs and International Trade (DFAIT), Industry Canada, and all provincial and territorial governments. In addition, the Business Council on National Issues (BCNI) acts as an Advisor to the ICF.

OUTLINE OF JETRO/ICF PROGRAMS

ADVISOR ON INVESTMENT IN JAPAN

At JETRO's Toronto office, there is an advisor always ready to assist Canadian companies with inquiries about direct investment in Japan, for example, market opportunities, how to set up an office, joint venture partners, licensing, taxation practice or accounting.

BUSINESS SUPPORT CENTRES (BSC)

To assist foreign business people in launching their marketing efforts in Japan, JETRO maintains Business Support Centers in Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka. They offer up to four months of free office space. In addition, the conveniently located centres are staffed with on-site expert consultants who offer business information and advice free of charge.

EXPORT TO JAPAN STUDY PROGRAM (EJSP)

This program invites selected Canadian business people and trade specialists to Japan for a ten-day-long visit designed to provide a first-hand look at Japanese market conditions and trends. In addition to helping arrange individual business appointments in advance, we provide specialized briefings by Japanese business people, importers, manufacturers and other specialists. Tours of local firms and manufacturing facilities can be arranged.

HOUSING MATERIALS CENTRES

Targeted at both Japanese consumers and builders, centres in Tokyo and Osaka exhibit a wide variety of housing fixtures and interior fittings from abroad. Catalogs, pamphlets and other publications cover an even broader range of items. Seminars and consulting are also provided.

IMPORT BUSINESS NEWS (Yunyuu Saizensen)

Senior Trade Advisors use this Japanese language monthly publication to introduce promising Canadian products directly to Japanese importers.

IMPORT FAIRS (Healthcare / Environment)

JETRO organizes annual large-scale trade fairs in Japan for foreign products and services with emphasis on two areas with excellent growth potential: health care and environment.

IMPORT PRODUCT SPECIALIST PROGRAM

On a periodic basis, Japanese private-sector experts on imported products are dispatched to Canada to make direct contact with Canadian manufacturers and purchase product samples, which they then represent at specially organized JETRO Import Showcases held in conjunction with major industry-specific trade fairs in Japan. The Import Product Specialists are veteran Japanese business people from the private sector selected for their special expertise in specific product areas as well as their experience in dealing with imported products. In the past, sectors such as healthcare, environmental products, software, lifestyle and building products have been targeted.

INVEST IN JAPAN INDIVIDUAL PROGRAM (IJIP)

Provides foreign companies that are ready to invest in Japan with a number of practical services such as introductions to advisors and specialists, assistance with market research, arrangement of meetings and organization of field trips.

INVEST IN JAPAN STUDY PROGRAM (IJSP)

Designed to assist foreign companies research opportunities for investing directly in the Japanese market, this program includes study seminars, field trips and meetings with potential partners.

MARKET RESEARCH

JETRO has a wide variety of market research resources for Canadian companies, from specific sector market reports to a database of potential Japanese importers to directories of trade fairs in Japan. There are also guides to Japanese business culture, videos and regular publications about trends in the Japanese market. Much of this information can be accessed on-line and companies are welcome to send their inquiries to their nearest JETRO office.

OUTLINE OF JETRO/ICF PROGRAMS

REGION TO REGION PROGRAM (Local to Local)

The Region-to-Region Initiatives program was launched in 1996 to support two-way international regional development. Under the program, JETRO works with the regions to determine their mutual needs and objectives, and then offers support for existing and new activities. This is done mainly by conducting surveys, dispatching and receiving missions as well as holding seminars. These efforts, coordinated through JETRO's extensive network of offices worldwide, can play a crucial role in bringing regions together for investment and technical tie-ups, collaborative research and development, overseas procurement by Japanese firms, and investment in Japan by foreign firms.

SEMINARS & BUSINESS FORUMS

All the JETRO offices are active in holding seminars and business forums to inform Canadian companies about various aspects of the Japanese market and how to do business there as well as to provide business-matching opportunities for Canadian and Japanese companies.

SENIOR TRADE ADVISORS

The function of the Senior Trade Advisors (STA) is to seek out products with potential for export to Japan, provide one-on-one consultations, and introduce promising Canadian products directly to Japanese importers through the publication Import Business News. Presently, there are two Senior Trade Advisors in Canada. One, an expert in agriculture and agri-foods, is stationed at the Federal Government's Agriculture and Agri-Food regional office in Guelph, Ontario; the other, specializing in the high-tech area, is based out of the Vancouver office of Canadian Manufacturers & Exporters (CME). Please see back of publication for contact information.

TECHNO-BUSINESS FORUM

This event is designed to explore mutually beneficial partnerships between overseas and Japanese companies, for example joint ventures and technology alliances, especially in the fields of info-tech, multimedia and electronics. Costs of exhibitor booth, accommodation in Tokyo, as well as interpreter services are paid for by JETRO. Also, seminars, presentation meetings, individual follow-up meetings with Japanese companies and field tours to regional markets are arranged.

TRADE MISSIONS

JETRO actively supports selected incoming Japanese missions to Canada and outgoing Canadian missions to Japan, in cooperation with federal and provincial governments and other organizations. For example, in October 2000 JETRO organized a Japanese IT Mission to Canada. In 2001, JETRO is planning to bring another IT Mission to Canada as well as a Canadian Trade and Investment Mission to Japan.

TRADE TIE-UP PROMOTION PROGRAM (TTPP)

JETRO's free Trade Tie-up Promotion Program (TTPP) is an innovative Internet-based system that connects companies from around the world with Japanese firms interested in business relationships. The new system is available in both English and Japanese, with companies able to establish contact with potential partners through pre-formatted e-mails. It is designed to be a one-stop shop for business-matching in a variety of categories including the import and export of products and parts, technology transfers and other tie-ups, investment and the establishment of offices and factories in Japan and other countries as well as services such as translation, accounting, legal advice, consulting, advertising and market research. The site can be accessed at www.jetro.go.jp/ttpe/ (English) or www.jetro.go.jp/ttppj/ (Japanese).

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Phone: 613-238-4000

Website: www.chamber.ca

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(formerly Alliance of Manufacturers & Exporters Canada)

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Website: www.cme-mec.ca

Toronto Japanese Association of Commerce & Industry (Shokokai)

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JETRO

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