The Japanese Food Market
&
The Japanese Business Culture

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AGENDA

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- Demographic & social challenges of the Japanese economy
- Environmental & climate challenges of the Japanese economy

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- Tariff and non-tariff barriers in the Japanese market access
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- Consumer patriotism versus curiosity about novelties

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Key facts about Japan

Official country name: **Japan (constitutional monarchy / the National Diet / the Emperor Naruhito / Reiwa era)**

Language in Use: **Japanese**

Capital city: **Tokyo (Kanto Region)**

Area: **377,835 km^2**

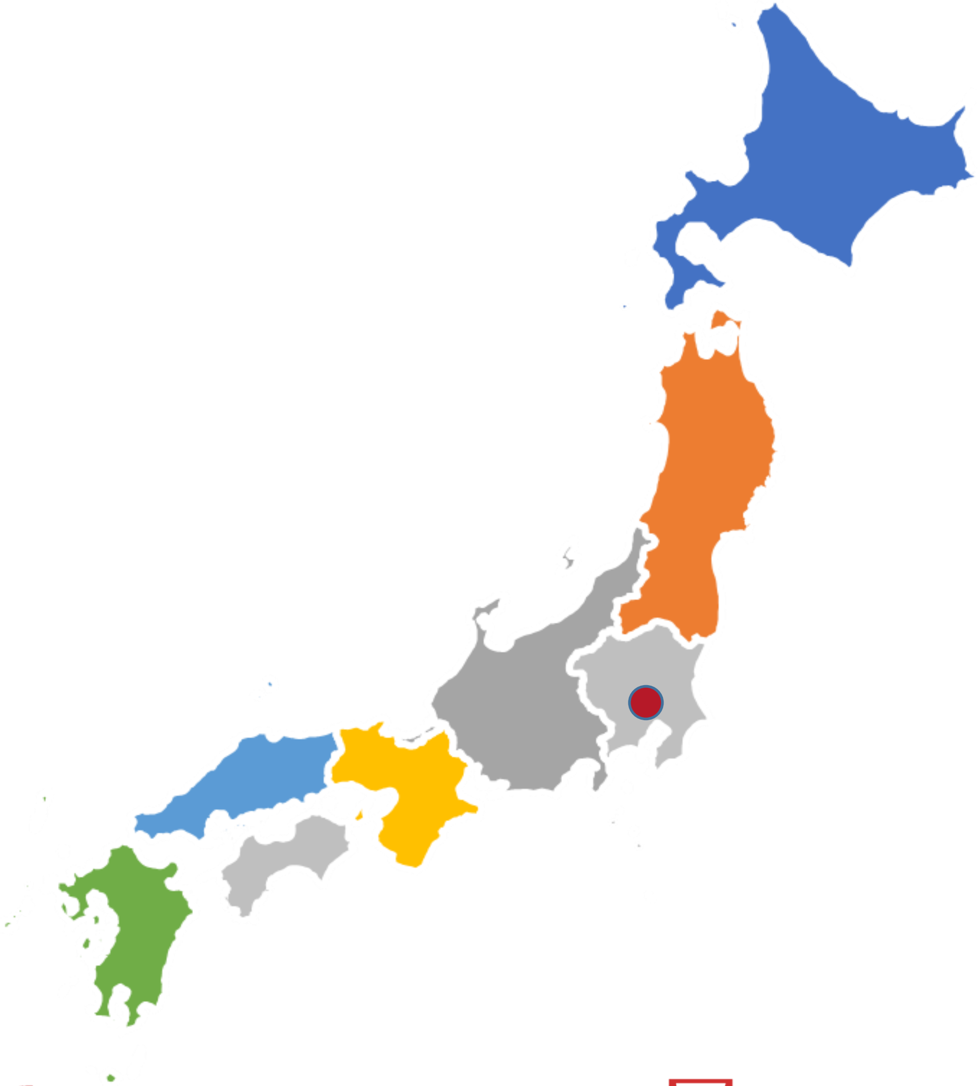
Population: **125,264,931**

Currency: **Japanese yen (JPY) (100 JPY ~ 0.65 USD *as of April 17th*)**

Tax rates:
CIT: 23.2%
PIT: 55.97% *(National Tax Agency, 2021)*
VAT (consumption tax): 10%

Time zone: **GMT +9**

Export: **USD 728 bn – USA, China, South Korea**
Import: **USD 819 bn – China, USA, Australia, UAE, Saudi Arabia, South Korea**



Japan Exports and Imports

The top EXPORTS of Japan are:

- **Cars** ($89B),
- **Machinery Having Individual Functions** ($38.5B),
- **Integrated Circuits** ($36.9B),
- **Motor vehicles; parts and accessories** (8701 to 8705) ($30.6B), and
- **Refined Petroleum** ($14.5B),

exporting mostly to **the United States** ($137B), **China** ($135B), **South Korea** ($50.8B), **Chinese Taipei** ($50.1B), and **Thailand** ($30.8B).

The top IMPORTS of Japan are:

- **Crude Petroleum** ($86.7B),
- **Petroleum Gas** ($64.2B),
- **Coal Briquettes** ($53.7B),
- **Integrated Circuits** ($28.9B), and
- **Broadcasting Equipment** ($20.3B),

importing mostly from **China** ($178B), **Australia** ($80.1B), **the United States** ($79.5B), **the United Arab Emirates** ($40.9B), and **Saudi Arabia** ($36.5B).

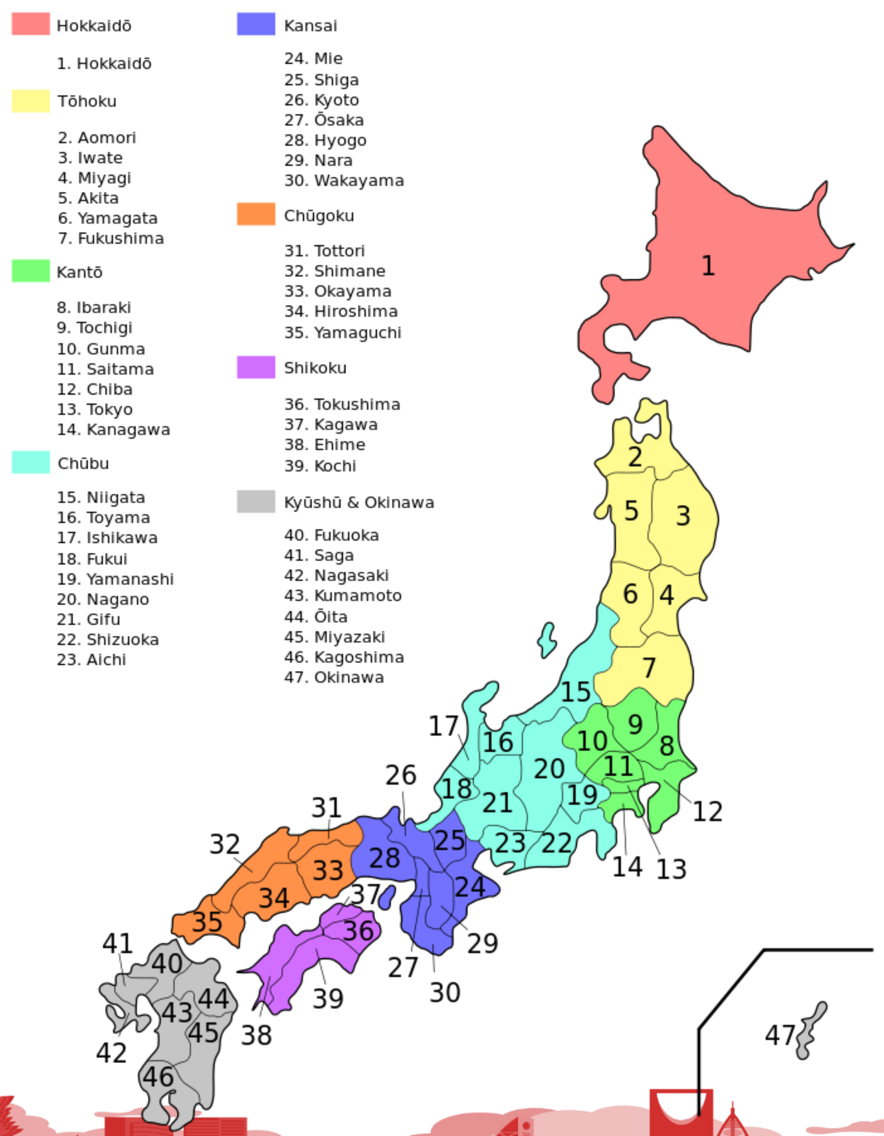
Basic Economic indicators of Japan

JAPAN	2022
No 3 world economy in terms of GDP **No 32 world economy in terms of GDP per capita** **No 1 most complex economy according to the Economic Complexity Index (ECI) Economic Complexity - Trade**	USD 4,256,410.76 USD 45,583.8 1.99 (1st out of a total of 124 countries; next come: Switzerland, South Korea, Germany, Singapore)
No 4 in product exports in the world (of 226) **No 4 in product imports in the world (of 226)**	USD 728 bn (USA, China, South Korea) USD 819 bn (China, Australia, USA, South Korea)
Minimum wage (USD/h) **Wage growth rate (%)**	USD/h 5.95 (902 JPY) 1.9 %
Average monthly salary in the manufacturing sector (USD) **Average annual salary in the manufacturing sector (USD)**	USD 2,272 (344,187 JPY) USD 49,573
Unemployment rate (%)	2.50 %

Source: The World Bank, 2023, https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=JP
The Observatory of Economic Complexity (OEC), 2023, https://oec.world/en/profile/country/jpn

Key facts about Japan

Regions and Prefectures of Japan



- an island country located on a narrow chain of islands in the western Pacific, off the eastern coast of Asia, 3.3 thousand km long,
- the archipelago consists of four (sometimes referred to as the fifth Okinawa) main islands: Hokkaido, Honshu, Shikoku and Kyushu, which constitutes 97% of the land area, and 6,848 smaller islands,
- Japan lies within three climatic zones: tropical in the south, subtropical in the central part, and warm temperate in the north,
- the climatic zonality is superimposed by the monsoon climate, which covers the islands and shapes the maritime character of the country's climate,
- apart from the Ryukyu Islands and the southern part of Kyushu, Japan has four distinct seasons,
- Japan is located at the junction of 3 tectonic plates, within the ”Pacific Ring of Fire” - earthquakes, volcanic eruptions and tsunami waves are a constant threat.

Challenges for the Japanese economy

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In demographic/regulatory aspect

- **Rapid Ageing of the Population** (29% >65 years old, by 2050: 40% >65 years old; the median: 48.2 years old)
- **Rapid Shrinking of the Population** (by 2048: 99.13 mn), birth rate decline; severe sub-replacement fertility issue
- Deaths outnumber births at an average rate of 1,000 a day
- Contracting of workforce by almost 1% per year and single-person households increase
- High expenditure on elderly people's care (average life expectancy: M 80 / F 86)
- High public debt (domestic): 266 % of GDP (*2021, Trading Economics*)
- Low level of women professional activation (43%)
- Technological competition and decline in competitiveness
- Low level of SMEs' internationalization (3.8 million = 99.7% companies)
- Self-employment ratio: 10.3 %
- Covid-19 Pandemic/Postpandemic challenges.

Challenges for the Japanese economy

In aspect of the natural environment

- **Natural disasters** (earthquakes, tsunami, volcanic erruptions, landslides etc.): uncertainty of the future, human/material losses, high expenditure on reconstruction and revitalisation of the region, necessity of innovative preventive solutions' implementation (anti-seismic, anti-dust, anti-ash, fire-protective, etc.)
- Scarce natural resources – import is indispensable
- Low level of energy self-sufficiency (**9.6%**)
- Low level of food self-sufficiency (on weight basis: **38%**)
- **87%** of the country's area is mountains – a lot of infrastructural challenges.

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Strong & Weak Points of the Japanese Market

Strong Points

- Large and absorbent market
- High consumer purchasing power
- Excellent infrastructure

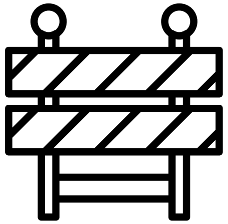
Weak Points

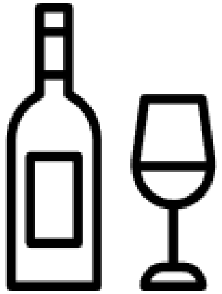
- Market with extremely strong competition
- Consumer distrust of newly appearing goods
- Numerous barriers to access to the market (especially, of agri-food products)

Japan – Market Entry Barriers

Tariff Barriers

- High tariff rates - significant abolition / reduction thanks to the **EU-Japan Economic Partnership Agreement („EPA”)** (entered into force on February 1st, 2019)





Non-Tariff Barriers

- Low level of internationalization of standards
- Extensive and complicated distribution channels
- A saturated and mature market with strong competition
- Consumer patriotism, distrust of foreign goods
- Import quotas (dairy, cereals), minimum prices (pork), special export permits with food safety (meat: pork, beef, lamb), phytosanitary restrictions (fresh apples / peppers)
- Long negotiation process and language barrier.

The EU-Japan EPA

Trade liberalization:

- Thanks to EPA **85% of EU agri-food products** exported to Japan had been liberalized over time, i.e. **cheese** (30% - **0%**), **wine** (15% - **0%**).
- Full duty elimination since February 1st, 2019, for **still and sparkling wines**, as well as for **vermouth wines**.
- Duties for some “**other wines**”, such as **cider and beverages with alcoholic strength less than 1 %**, will be gradually eliminated in either 5 or 10 years.
- This places the EU wines back on equal footing with competitors such as **Chile** and **Australia.**
- The EU is **the world’s leading producer of wine and the largest supplier to Japan**.
- As of January 15th, 2021, Japan has authorized all the **oenological practices (OPs)** mentioned in the EPA.
- Duties will be gradually phased out for **pork meat** and **processed pork meat**, as well as for **poultry meat**. For **beef meat** duties will be reduced **from almost 40 % to 9% over 15 years**.

The EU-Japan EPA

Trade opening: The EPA opened up trade in **processed foods**, **confectionery**, and **biscuits**.

Protection of traditional food:

- The EPA protects **239 EU** (Section A) and **84 Japanese** (Section B) **geographical indications (GIs)** from imitation and usurpation in the EU and Japan (authentic products from the two regions with a rich culinary and cultural tradition).
- Since February 1st, 2022, the EU and Japan have protected additional **28 GIs** for each side.
- **Annex 14-B on geographical indications: 5 Spanish Wine GIs**: **Almansa, Calatayud, Campo de Borja, Castilla, Yecla and 5 Other Spanish Product GIs: Aceite de Mallorca / Aceite mallorquín / Oli de Mallorca / Oli mallorquí -** Oils and fats (butter, margarine, oil, etc.) [olive oil], **Jamón de Trevélez -** Meat products (cooked, salted, smoked, etc.) [pork ham], **Los Pedroches -** Meat products (cooked, salted, smoked, etc.) [pork ham], **Montes de Toledo -** Oils and fats (butter, margarine, oil, etc.) [olive oil], **Pimentón de la Vera -** Other products of Annex I to the TFEU (spices etc.) [paprika].
- There is high level GI protection for the **EU's most important wines, spirits and beers in the EPA (137 wines, spirits and beers).**

European Goods in the Eyes of the Japanese

- Japan is the EU's **5th agri-food trading partner**, after **the US, China, Switzerland and Russia**.
- **SMEs** represent a large share in the EU's today's export to Japan: **88% of total EU exporters**.
- In Japan, there is a phenomenon of **strong consumer patriotism** – Japanese people are attached to locally produced goods which are perceived as the top-quality products and the most trustworthy, too.
- At the same time, they are also **curious** about **novelties from abroad**.
- European products are considered **fashionable** and of a **high quality**.
- Japanese are ready to **pay a bit more** for the imported goods which are **good and trendy**.
- **Organic aspect of food products from Europe** has been recently becoming of a higher interest among the Japanese.
- **Wine, cheese, meat (esp. pork) etc.** are at present the most wanted food products from Europe.

Specific Features of the Japanese Market

- **DISTRIBUTION NETWORK** – extensive & complex / a few agents between a producer and a final customer
- **FAIRS AND EXHIBITIONS** – very important/ direct business relations
- **AN IMPORTER** – indispensable (vs. A DISTRIBUTOR)
- **CONSUMER PATRIOTISM** – attachment to local brands and products (vs. curiosity about the novelties)
- **TIME** – long decision-making and negotiation processes
- **A CUSTOMER** – "is a God" (extremely high level of services, incl. after-service care)
- **Tariff and Non-tariff BARRIERS** (incl. the language barrier)
- **TRUST** – caring and attentiveness for business relations (formal and informal)
- **RISK AVOIDANCE** – responsibility should be shared with a group, not taken individually
- **ATTACHMENT TO DETAILS / PERFECTIONISM** – high expectations towards a supplier
- **KEEPING YOUR WORD/PROMISES** - an oral commitment is equal to a written one
- **COSTS** – in general, v. high (opening of a branch is not that costly, but adjustment to Japanese standards of safety and quality or testing are v. expensive)
- **STABLE PROFIT**, but not FAST PROFIT – market accessible for patient suppliers only
- **SUCCESS** in Japanese market = success in any Asian market (benchmark and excellency reference).

Challenges for EU Food Exporters to Japan

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- Brand name
- Consumers' preference for domestic products (consumer patriotism)
- Increasing safety concerns on food products among Japanese consumers, and frequent distrust of imports
- High expectations for quality and appearance
- Long distance from Japan (logistics-related issues)
- Competition with other exporting countries, some with limited number of products with lower comparative duties under free trade agreements with Japan
- High import duties on many products (decreasing thanks to EU-Japan EPA)
- Perceived consumer antipathy for biotech, genome- edited foods and food additives
- High cost of marketing in Japan
- Importers' expectation of long-term involvement and commitment

Basic Aspects of Japanese Market Entry (initial phase)

~ Positioning/placement of your product on the Japanese Market:

A recognizable brand/ the market leader in Europe / the leader on a niche market

OR

A unique / original / innovative product

~ Check your product's potential in an online channel in Japan (Rakuten, Amazon), or test your product online.

~ Consider adjustment of your product's taste to Japanese preferences and tradition: apply strict criteria as regards **safety, quality, aesthetics, preferences toward seasonal products** – be ready to regularly add in an **innovation aspect** to your product and create **a new design of the product** at least once a year.

~ Create your **website in English** (at least) and consider a short **summary in (native) Japanese**.

~ Make a good use of marketing tools: **a strong brand, a catchy gadget with a good story or catchy phrase, promotional materials in (native) Japanese**.

~ **Present your products on dedicated trade fairs and exhibitions in Europe and Japan**, utilize an exporter support programs (i.e., "EU Gateway to Japan", EEN, Brand Programme etc.) in order to get an access to free databases and B2B support, trainings and funds.

Basic Aspects of Japanese Market Entry (mature phase)

~ Firstly: find a reliable Japanese partner/agent/distributor – **trade fairs** might be an effective tool for that.

~ In case of large volume sales or popular brands, consider to use Japanese trade companies:

major general trade companies ***"sogo shosha"*** or specialized trade companies ***"senmon sosha"***.

"Shosha" are basically engaged in the whole sales cycle and a full supply chain, including customs clearance, promotional activities, product development, risk management, financing and logistics.

~ Secondly: consider establishment of a legal entity in Japan (a representative office, an agency, a branch) – to express your involvement and dedication for the Japanese Market - a key factor for building strong relationships based on trust with Japanese partners.

50% of European companies use an agent/a distributor in Japan
20% establish a representative office
10% establish an agency
2% establish a branch in Japan.

~ In case of food sector, await results after 1-2 years to have a business contract signed.
Japan is not "a fast-track business market".

Tips for an Exporter

- Active participation in trade fairs in Europe and Japan
- Brand building, promotional campaigns
- Promotional materials and catalogues in Japanese
- Building reference portfolio
- Product display at Japanese department stores / by celebrities and influencers in Japan
- Uniqueness and quality of a product
- Continuation and consequence / patience and well-thought expansion strategy
- Consideration of regions different than Tokyo/Kanto → flexibility and open attitude toward new products.

Japan-Spain Official Relations

- Diplomatic relations were established in **1868** with the signing of the **Treaty of Friendship, Commerce, and Navigation**.
- There are over **8,000** Japanese Nationals living in Spain and over **3,000** Spanish Nationals living in Japan.
- In Spain, Japanese studies have become popular in recent years, and **the Centro Cultural Hispano-Japonés was opened at the University of Salamanca in 1999**. The Spanish government opened **the Cervantes Institute in Tokyo in 2008**. The Japan Foundation opened an **office in Madrid in 2010** to further promote understanding of Japanese culture in Spain.
- In relation to tourism, 551,000 Japanese tourists visited Spain in 2018. The number of Spanish visitors to Japan reached a record high of 119,000 in 2018.
- **12 sister-city agreements** have been reached between Japanese and Spanish cities (as of 2022): Nara – Toledo, Yamaguchi – Pamplona, Marugame – San Sebastián, Kure – Marbella, Ofunato – Paros de la Frontera, Mie Prefecture – Valencia State, Kobe – Barcelona, Kiyosu – Jerez de la Frontera, Toyooka – Alicante, Wakayama Prefecture (Kumano Kodō) – Galicia State (Camino de Santiago), Yamaguchi Prefecture – Navarra State, Ube – Castellón de la Plana.

Spain Exports to Japan

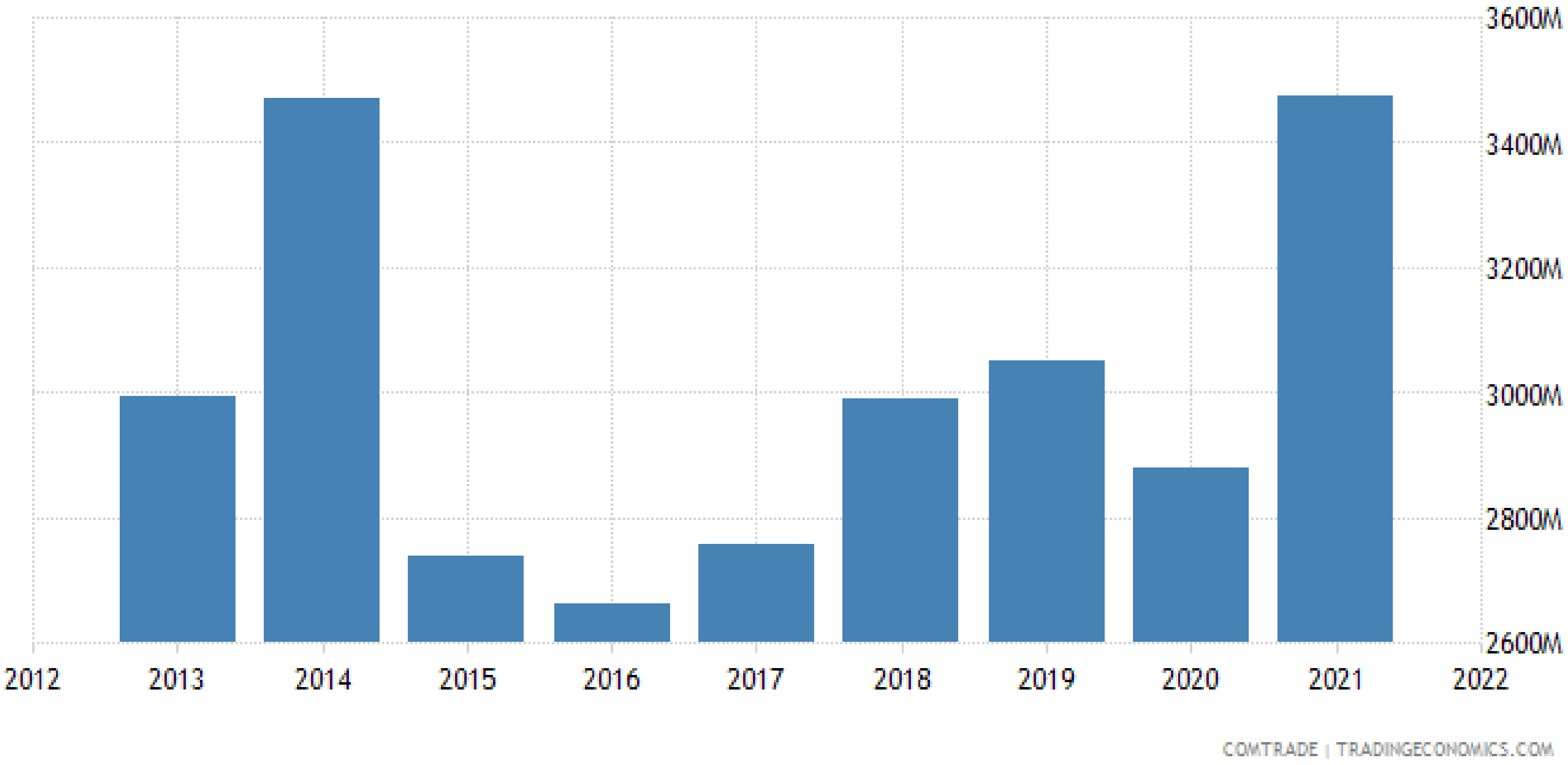
- **The number of Spanish companies that export to Japan: 6,246.**
- **The share of Spanish companies exporting to Japan that are SMEs: 92%.**
- **The number of jobs in Spain that EU exports to Japan help support: 41,138.**
- **The number of jobs in the EU that EU exports to Japan help support: 739,560.**

https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/japan/eu-japan-trade-your-town/spain-japan-trade-your-town_en

Spain Exports to Japan

Spain Export to Japan was
USD 3.47 billion in **2021**
(*data by the United Nations COMTRADE database on international trade*)
It **tripled** in 2021 compared to 2020 and **doubled** in 2021 compared to 2019 (!)

Japan is Spain's 10th biggest trade partner outside the EU



All categories in Spain Exports to Japan (95)

No	Spain Exports to Japan	Value
1.	Meat and edible meat offal	$655.44M
2.	Vehicles other than railway, tramway	$593.30M
3.	Mineral fuels, oils, distillation products	$373.65M
4.	Animal, vegetable fats and oils, cleavage products	$175.01M
5.	Ores slag and ash	$146.98M
6.	Beverages, spirits and vinegar	$130.74M
7.	Organic chemicals	$129.62M
8.	Articles of apparel, not knit or crocheted	$115.16M
9.	Pharmaceutical products	$103.78M
10.	Articles of leather, animal gut, harness, travel good	$87.23M
11.	Fish, crustaceans, molluscs, aquatics invertebrates	$84.75M
12.	Articles of apparel, knit or crocheted	$84.31M
13.	Aluminum	$77.89M
14.	Machinery, nuclear reactors, boilers	$68.00M
15.	Plastics	$62.10M
16.	Vegetable, fruit, nut food preparations	$60.76M
17.	Electrical, electronic equipment	$57.00M
18.	Footwear, gaiters and the like,	$27.08M
19.	Optical, photo, technical, medical apparatus	$26.71M
20.	Essential oils, perfumes, cosmetics, toileteries	$26.46M
21.	Furniture, lighting signs, prefabricated buildings	$24.78M
22.	Lac, gums, resins	$21.51M
23.	Rubbers	$20.75M
24.	Cereal, flour, starch, milk preparations and products	$19.38M
25.	Pearls, precious stones, metals, coins	$16.77M
26.	Commodities not specified according to kind	$16.11M
27.	Edible vegetables and certain roots and tubers	$15.74M
28.	Miscellaneous chemical products	$14.74M
29.	Articles of iron or steel	$14.56M
30.	Ceramic products	$14.32M
31.	Tanning, dyeing extracts, tannins, derivatives, pigments	$13.36M
32.	Pulp of wood, fibrous cellulosic material, waste	$11.95M
33.	Wood and articles of wood, wood charcoal	$11.04M
34.	Oil seed, oleagic fruits, grain, seed, fruits	$10.96M
35.	Coffee, tea, mate and spices	$10.18M
36.	Soaps, lubricants, waxes, candles, modelling pastes	$9.03M
37.	Clocks and watches	$8.46M
38.	Sugars and sugar confectionery	$8.37M
39.	Inorganic chemicals, precious metal compound, isotope	$7.60M
40.	Miscellaneous edible preparations	$6.87M
41.	Copper	$6.86M
42.	Edible fruits, nuts, peel of citrus fruit, melons	$6.62M
43.	Residues, wastes of food industry, animal fodder	$6.50M
44.	Manufacturers of plaiting material, basketwork	$6.50M
45.	Cocoa and cocoa preparations	$6.42M
46.	Meat, fish and seafood preparations	$6.19M
47.	Paper and paperboard, articles of pulp, paper and board	$5.52M
48.	Tools, implements, cutlery of base metal	$4.76M
49.	Salt, sulphur, earth, stone, plaster, lime and cement	$4.26M
50.	Glass and glassware	$3.91M
51.	Other made textile articles, sets, worn clothing	$3.86M
52.	Arms and ammunition, parts and accessories	$3.81M
53.	Dairy products, eggs, honey, edible products	$3.59M
54.	Products of animal origin	$3.13M
55.	Photographic or cinematographic goods	$3.03M
56.	Toys, games, sports requisites	$2.99M
57.	Live trees, plants, bulbs, roots, cut flowers	$2.42M
58.	Fertilizers	$2.07M
59.	Raw hides and skins (other than furskins) and leather	$1.84M
60.	Miscellanneous manufactured articles	$1.79M
61.	Iron and steel	$1.68M
62.	Works of art, collectors' pieces and antiques	$1.59M
63.	Special woven or tufted fabric, lace, tapestry	$1.58M
64.	Stone, plaster, cement, asbestos, mica or similar materials	$1.58M
65.	Musical instruments, parts and accessories	$1.55M
66.	Nickel	$1.54M
67.	Aircraft, spacecraft	$1.49M
68.	Miscellaneous articles of base metal	$1.40M
69.	Wadding, felt, nonwovens, yarns, twine, cordage	$1.39M
70.	Ships, boats, and other floating structures	$1.29M
71.	Albuminoids, modified starches, glues, enzymes	$974.91K
72.	Zinc	$930.59K
73.	Carpets and other textile floor coverings	$920.78K
74.	Manmade filaments	$889.12K
75.	Printed books, newspapers, pictures	$828.05K
76.	Impregnated, coated or laminated textile fabric	$819.03K
77.	Headgear and	$746.08K
78.	Milling products, malt, starches, inlin, wheat gluten	$653.66K
79.	Furskins and artificial fur, manufactures	$525.78K
80.	Manmade staple fibers	$491.02K
81.	Live animals	$433.30K
82.	Cotton	$372.30K
83.	Railway, tramway locomotives, rolling stock, equipment	$184.54K
84.	Knitted or crocheted fabric	$123.46K
85.	Vegetable textile fibers not specified elsewhere, paper yarn, woven fabric	$122.71K
86.	Wool, animal hair, horsehair yarn and fabric	$107.63K
87.	Explosives, pyrotechnics, matches, pyrophorics	$104.99K
88.	Cork and articles of cork	$101.99K
89.	Cereals	$68.14K
90.	Silk	$55.02K
91.	Tobacco and manufactures tobacco substitutes	$26.59K
92.	Tin	$19.96K
93.	Bird skin, feathers, artificial flowers, human hair	$6.57K
94.	Umbrellas, walking-sticks, seat-sticks, whips	$6.49K
95.	Base metals not specified elsewhere, cermets.	$5.48K

Source: Data for 2021, as of Jan. 2023
UN COMTRADE database on international trade

Food Categories in Spain Exports to Japan (18)

Meat and edible meat offal	$655.44M
Animal, vegetable fats and oils, cleavage products	$175.01M
Beverages, spirits and vinegar	$130.74M
Fish, crustaceans, molluscs, aquatics invertebrates	$84.75M
Vegetable, fruit, nut food preparations	$60.76M
Cereal, flour, starch, milk preparations and products	$19.38M
Edible vegetables and certain roots and tubers	$15.74M
Oil seed, oleagic fruits, grain, seed, fruits	$10.96M
Coffee, tea, mate and spices	$10.18M
Sugars and sugar confectionery	$8.37M
Miscellaneous edible preparations	$6.87M
Edible fruits, nuts, peel of citrus fruit, melons	$6.62M
Cocoa and cocoa preparations	$6.42M
Meat, fish and seafood preparations	$6.19M
Dairy products, eggs, honey, edible products	$3.59M
Products of animal origin	$3.13M
Live animals	$433.30K
Cereals	$68.14K

Source: Data for 2021, as of Jan. 2023
UN COMTRADE database on international trade

Selected Food Categories in Spain Exports to Japan

Spain Exports of meat and edible meat offal to Japan	Value
Meat of swine (pork), fresh, chilled or frozen	$629.85M
Edible offal, bovine, swine, sheep, goat, horse	$10.46M
Meat and edible meat offal. Salted	$9.95M
Meat of bovine animals, frozen	$3.12M
Pig and poultry fat fresh chilled frozen salted dried smoked	$1.09M
Meat of sheep or goats, fresh, chilled or frozen	$617.11K
Meat and edible offal of poultry, fresh, chill or frozen	$225.02K
Meat and edible offal not specified elsewhere, fresh, chilled or frozen	$115.94K

Spain Exports of beverages, spirits and vinegar to Japan	Value
Wine, Grape Must (Excluding Grape Juice)	$108.35M
Ethyl Alcohol (Less than 80 degrees), Spirits, Liqueurs	$7.75M
Vermouth, Other Similar Wine (Flavoured)	$6.63M
Waters (Containing Added Sugar or Flavor), Non-alcoholic Beverages	$2.85M
Beer made from malt	$1.87M
Fermented Beverages (Cider, Perry, Mead)	$1.79M
Waters (Not Containing Added Sugar or Flavor), Ice and Snow	$1.12M
Vinegar, Substitutes for Vinegar Obtained from Acetic Acid	$381.99K

**Due to avian flue, embargo was imposed on poultry meat, viscera and their products etc., as well as eggs and their products from Spain (first embargo: Jan. 19th, 2022 - lifted on Aug. 4th, 2022, and the next one imposed on Aug. 12th, 2022).*

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UN COMTRADE database on international trade

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Food Self-Sufficiency in Japan

As the world's largest net importer of agricultural products,

Japan relies on importing, among others: **cereals other than rice**, **legumes**, **oils** and **fats.**

Food Self-Sufficiency in Japan: 38% (on weight basis)

- **Rice - 97% level of self-sufficiency**
- **Vegetables – 79% level of self-sufficiency**
- **Seafood - 52% level of self-sufficiency**
- **Meat - 53% level of self-sufficiency**
- **Fruits - 38% level of self-sufficiency**
- **Wheat - 15% level of self-sufficiency**
- **Soybeans - 9% level of self-sufficiency**
- **Beans – 7% level of self-sufficiency.**

Source: https://www.photo-ac.com/

- **Japan is highly dependent for foreign food supply!!!**

Characteristics of the Japanese Food Market

- Traditional consumer behavior: eye-catching presentation, variety in colors and delicate portion, seasonal foods, occasional foods, authentic and regional foods.
- New trends: foods processed and packaged, “organic and healthy”, free-from, for the elderly, individually portioned, and ready-to-eat home meals.
- Regulatory requirements: food safety, information disclosure, accountability and traceability of food producers.
- Policy advice: nutritious variety in meals, portion control on diet and extended healthy, active life.

Current Situation in the Agricultural Sector in Japan

- Only **4.14 million hectares** of arable land/agricultural land available
- Sales of Japanese-made agricultural products **fell**
- Rural depopulation (8 million / 6%) & labor shortages
- Changing eating habits (declining consumption of rice and increasing diversification of the Japanese dietary life (more livestock products, oils, and fats).

  For the consumption of these products, Japan is dependent from overseas import for <u>feed</u> and <u>raw materials</u>. Moreover, Japan relies almost entirely on imports for the supply of <u>wheat</u> and <u>beans</u>.
- Food exports of Japan **fell** gradually from 2.4 % in 1972 to **1.2 % in 2021**.

Japanese Food Market Sectors

- **Restaurants (43% market share) – “dining-out culture”**
- Instant food (21%)
- Drink bars, *izakaya*(16%)
- Institutional entities (10%)
- Hotels (9%)
- Food trucks (1%).

The Japanese Food Sector

The **Japanese Food Sector** is worth approximately **USD 750 billion** (2019):

- **Food & Beverage Retail Sector** accounts for USD 467 billion (60% of the market share)
- **Food Service Industry** accounts for USD 284 billion (40% of the market share).

Shares in retail sales of food products:

1. **Supermarkets / hypermarkets and department stores** (*AEON, Ito Yokado, Uny, Life Corp. Specialty, Daiei, Kinokuniya, Meidi-ya, Seijo Ishii, Dean & Deluca, Queens Isetan, Kaldi Coffee*)
2. **Convenience stores** (56,700 outlets; 90% of shares belong to the 3 largest chains: *Seven-Eleven, Family Mart, Lawson*)
3. **Specialist stores, online stores, courier delivery stores, cooperatives** (e.g. *Nisseikyo*).

E-commerce market - groceries: approximately 18%

3 main e-commerce platforms (50%): *Rakuten* (40.3%), *Amazon Japan* (4.0%), *Yahoo! Japan Shopping* (4.7%).

Ito-Yokado, *Maruetsu*, *Daiei* & *Apita* also have their own online shops.

The Japanese Organic Food Sector has grown **1.4 times in 10 years**

- Organic farming area has also increased by **40% to 24,000 ha** but still represents only **0.5% of the total cultivated area** (target: 63,000 ha in 2030)
- Number of Organic Farmers: **11,800 people** (target: 36,000 in 2030)
- Changes in eating habits: rate of consumers consuming organic products at least once a week: **17.5%** (target: 25% in 2030)
- There is a fairly heavy reliance on organic imports from countries like **Australia, the US and Europe** in terms of pre-packaged organic F&B items.
- Communicating information about the cultivation or manufacture of organic items increases both consumer awareness and trust (**traceability**).

The Japanese Health Foods & Supplement Sector

- In the busy lifestyle of the aging Japanese society, supplements are catering to the **demand for a nutritionally balanced lifestyle** among consumers.
- The health food market benefited from **the growing health awareness** as manufacturers are expanding their portfolios to include **a variety of healthy prepared meals and snacks**.
- More than half of Japanese consumers eat **yoghurt** and ***natto*** (fermented soybeans that are typically served with mustard or soy sauce) for health reasons *(Nippon Research Center, 2020)*.
- In the fiscal year 2019, **the dietary supplement market** in Japan was valued at around **USD 7 billion**.
- **Women in their fifties** & **men in higher age groups** represent the largest groups of consumers taking **supplements**.

The Dietary Supplement Market and Functional Food Market in Japan

- Apart from commonly available products such as **sugar-free or allergen-free alternatives**, **foods with health claims**, governmentally approved **foods for specified health uses (FOSHU)** are recording steady sales.

- In fiscal year 2019, **the supplements accounted for the majority of the market for health foods with function claims**, with around **54.3 %**.

- In fiscal year 2019, **the functional foods market size continued to grow**, reaching a value of approximately **USD 2.24 billion**.

- **Labelling:**

➢ Food for Special Dietary Uses (**FOSDU**)

➢ Food for Specified Health Use (**FOSHU**)

➢ Food with Nutrient Functional Claims (**FNFC**)

➢ **Dietary Supplements**

Foods with Function Claims

Next to originally existing **FOSHU system (Tokuho)**, which requires an approval from the government, a new type of **foods with health claims**, called

Foods with Function Claims (FFC),

was introduced in **April 2015**, in order to make more products available that are clearly labeled with certain health functions.

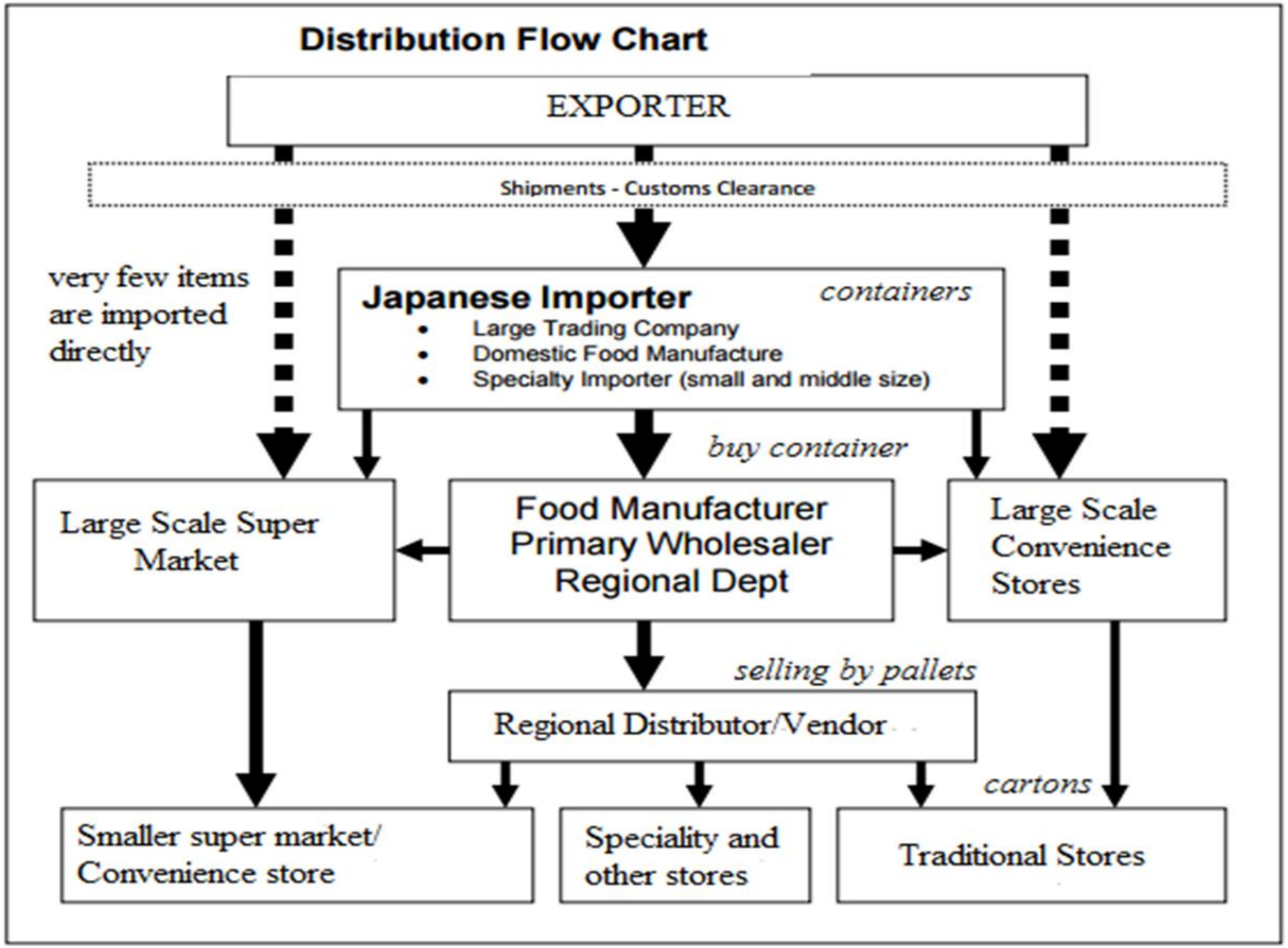
Under the system, the manufacturers must show **evidence of the efficacy of their products** via **clinical trials** or **systematic literature review**.

The FFC are registered by the **Consumer Affairs Agency (CAA)** of Japan (notification only, no governmental approval).

機能性表示食品

厚生労働省許可
特定保健用食品

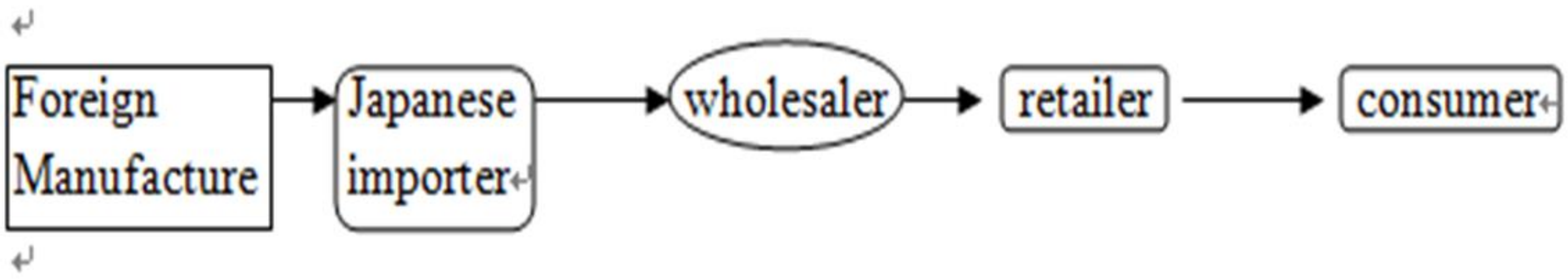
Typical food distribution channel in Japan



General Structure of Distribution System in Japan

- Basically, 1-3 agents/brokers between an exporter and a final consumer.
- Selection of a proper distributor of exported goods is the most difficult task.
- **The largest food wholesalers** in Japan:

Mitsubishi Shokuhin, Kato Sangyo, Kokubu Tokyo, Nihon Shurui Hanbai, Mitsui Foods, Itochu Shokuhin, Yamae Hisano, Central Forrest Group, Toho Group, Lacto Japan.



Top General Trading Companies

	COMPANY NAME	SALES PROFIT (UNIT: billion JPY)
1	Mitsubishi Corporation	12,884.5
2	Itochu Corporation	10,362.6
3	Mitsui & Co., Ltd.	8,102.0
4	Marubeni Corporation	6,332.4
5	Toyota Tsusho Corporation	6,309.3
6	Sumitomo Corporation	4,645.0
7	Sojitz Corporation	1,602.4
8	Kanematsu Corporation	649.1
9	Nomura Trading Co., Ltd.	95.0
10	Mitani Co., Ltd.	80.5

Source: Ministry of Finance of Japan, 2020

The size of the Japanese Market

	Japan
Consumer Base for Food Demand	126 million
Spending (% in Disposable Income)	26%
Self-sufficiency of Food Supply	40%

95% of **wheat, soya & corn** comes from **USA, Canada, Australia & Brazil**

50% of **pork** comes from **USA & Canada**

20% of **vegetables** comes from **China**

Top Agri-Food Exporters to Japan

Japan imports large volumes of both

bulk food raw materials for further processing and

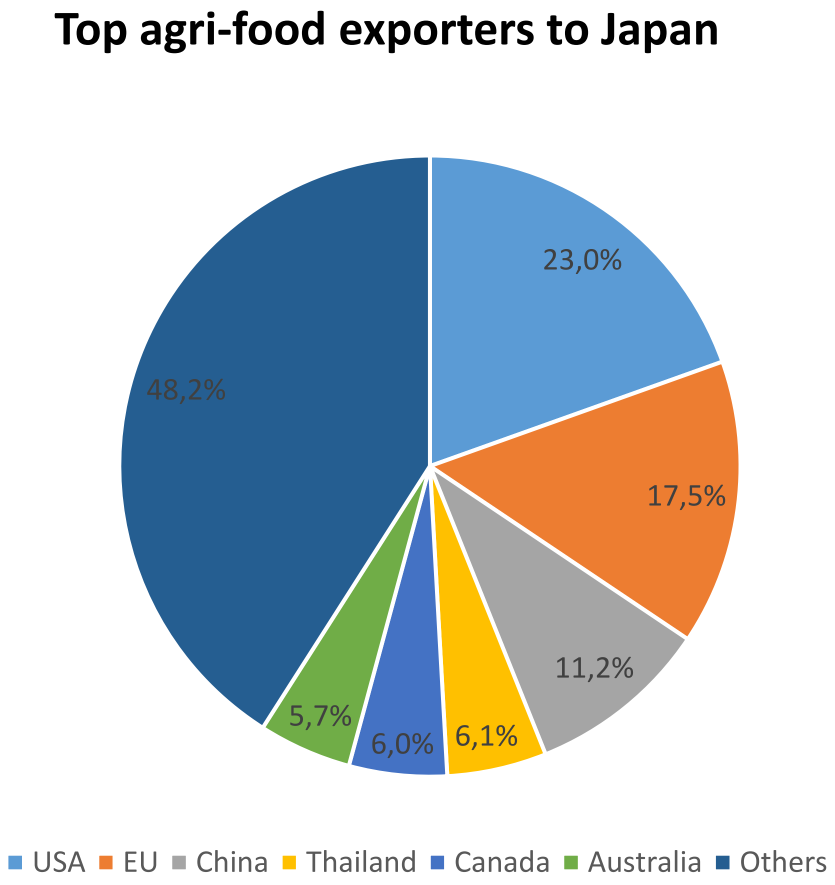
packaged food ready for supermarket shelves.

After **tobacco**, the largest categories of imported foods by value are:

- **pork and beef**,
- **corn**,
- **fruits,**
- **alcohol/spirits**.

9.6% of imports were food and direct to consumer products. This figure was up from 8.9% in 2019, but up from 7.9% in 2014.

Japanese demand for packaged foodstuffs from abroad has been growing.



Source: MAFF, 2021

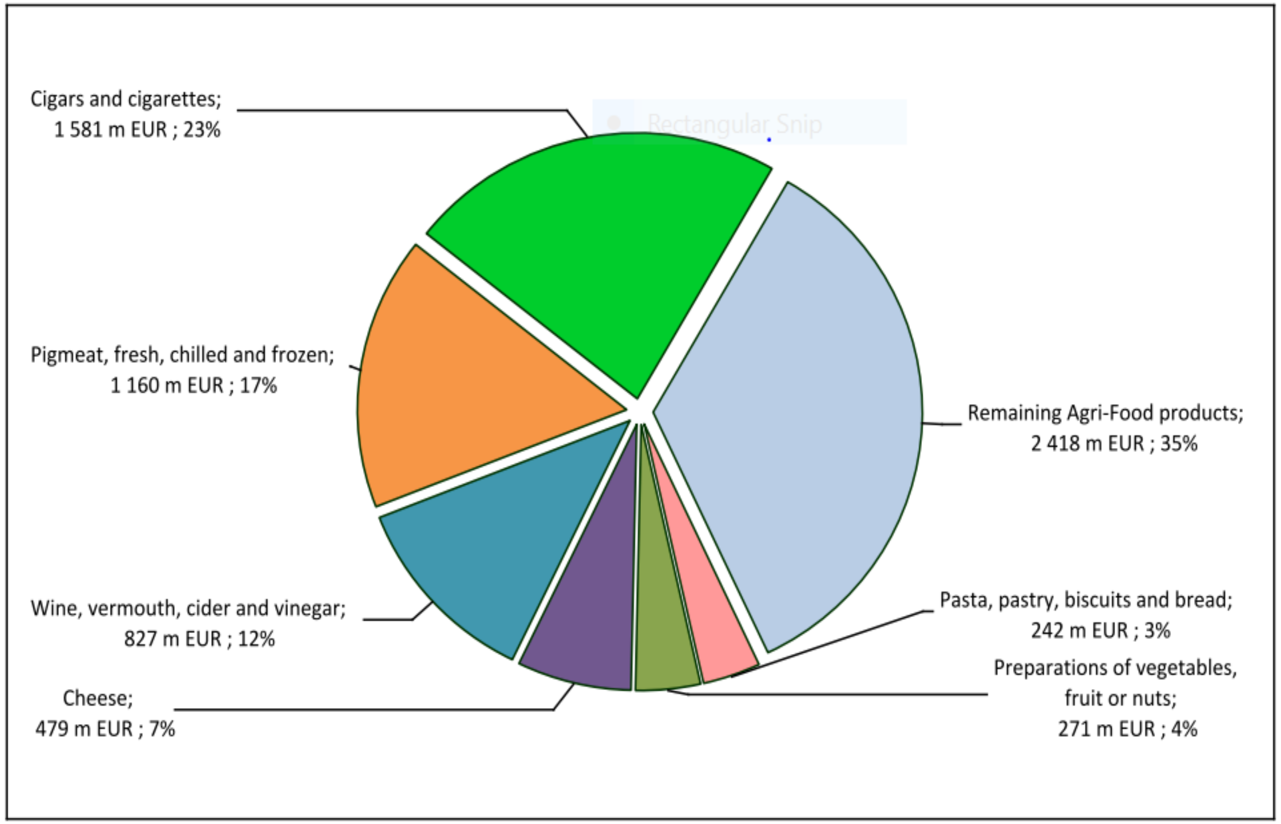
Top EU Agri-Food Exports to Japan

Japan is in the top 5 destinations for European Agri-Food export.

When looking at specific products (2020), the largest share is held by:

- **cigars and cigarettes (23%),**
- **pork meat (17%),**
- **wine, vermouth, cider and vinegar (12%),**
- **cheese (7%),**
- **peparations of vegetables, fruits or nuts (4%),**
- **pasta, pastry, biscuits and bread (3%).**

Top EU Agri-Food exports to Japan in 2020



Food Imports

- **In Japan, 9.6% of imports are food and direct to consumer products,** and this figure has been increasing over years, as Japanese demand for packaged foodstuffs from abroad is growing.
- In 2019, the **value of food import** reached a record high of around **JPY 7.2 trillion**, implying the country's high reliance on imported products to cover domestic demand.
- **Imports of foodstuff in Japan** decreased to **JPY 686 billion in February of 2024** from JPY 708 billion in January of 2024. Imports of Foodstuff in Japan averaged JPY 471 billion from 1985 until 2024, reaching an all time high of JPY 880 billion in November of 2022 and a record low of JPY 214 billion in February of 1987.
- **Exports of Foodstuff in Japan** increased to **84 JPY billion in February** from JPY 72 billion in January of 2024. Exports of Foodstuff in Japan averaged 35 JPY billion from 1985 until 2024, reaching an all time high of **112 JPY billion in December of 2022** and a record low of **JPY 14 billion in January of 1995**.
- Food exports of Japan fell gradually from 2.4 % in 1972 to **1.2 % in 2021**.

Top Foreign Investors in the Food Industry in Japan

- **Cargill, Inc.** (US capital)
- **Nestlé AG** (Swiss capital)
- **Archer Daniels Midland (ADM)** (US capital)
- **PepsiCo, Inc.** (US capital)
- **Unilever N.V./Unilever PLC** (US capital)
- **The Coca-Cola Company** (US capital)
- **Anheuser-Busch InBev** (US/Belgian/British capital) –
  Budweiser transferred the licence to Kirin Brewery Company, Ltd. (Kirin Beer) (producer & distributor);
  in the USA, Anheuser-Busch InBev produces and sells beer for Kirin Beer
- **Mars, Incorporated** (US capital).

Japanese Food Retail Stores

- **AEON GROUP** (AEON, Ministop)
- **7 and I Holdings GROUP** (Seven Eleven, Itoyokado)
- **Marubeni GROUP** (Maruetsu, Tobu Store)
- **Mitsubishi GROUP** (Life Corporation, Lawson)
- **Itochu GROUP** (Family Mart, 99 Ichiba)
- **Mitsui & Co. GROUP** (Mitsui Bussan Shokuhin Group)
- **Sumitomo GROUP** (Summit Store, Mami Mart)

Japanese Food Import Companies

As much as **90%** of food imported from abroad is carried out with the participation of **general trading companies** (the so-called ***"sogo-shosha"***):

Marubeni, Mitsui, Mitsubishi, Sumitomo, Itochu, Toyota Tsusho, Sojitz.

General trading companies have under their umbrella:

- supermarkets,
- convenience stores,
- other commercial establishments,

which provides them with wide availability of sales spaces.

Specialized trading companies (the so-called ***"senmon-shosha"***) are also an important intermediary:

Mitsubishi Shokunin, Kokubu Tokyo, Mitsui Foods, Itochu Shokuhin, Toyotsu Shokuhin, Nippon Access Tokyo.

Regulatory Authorities Responsible for Food Import

As many as 3 ministries are related to the import of food, each of which is responsible for different regulations:

- **Ministry of Agriculture, Forestry and Fisheries (MAFF)**
- **Ministry of Health, Labor and Social Welfare (MHLW)**
- **Ministry of Finance (MF).**

The Ministry of Agriculture, Forestry and Fisheries has jurisdiction over the Plant Protection Act and the Act on Domestic Animal Infectious Diseases Control. The task of this ministry is to **prevent the risk of introducing into the Japanese market insect diseases and pests** that threaten vegetables, fruit and meat.

In addition, the Food Sanitation Law, under the jurisdiction of the Ministry of Health, Labor and Welfare, which **regulates all matters relating to food sanitation**, also applies. (The Food Sanitation Act + 'The Law Concerning Standardization, etc. of Agricultural and Forestry Products' (the JAS Law) + The Health Promotion Act + Food Labeling Act).

Issues related to **customs procedures**, which are regulated by the Customs Law, are left to the discretion of the Ministry of Finance.

Only obtaining the accreditation of all three ministries allows for the customs clearance of food.

Food Trade Fairs in Japan

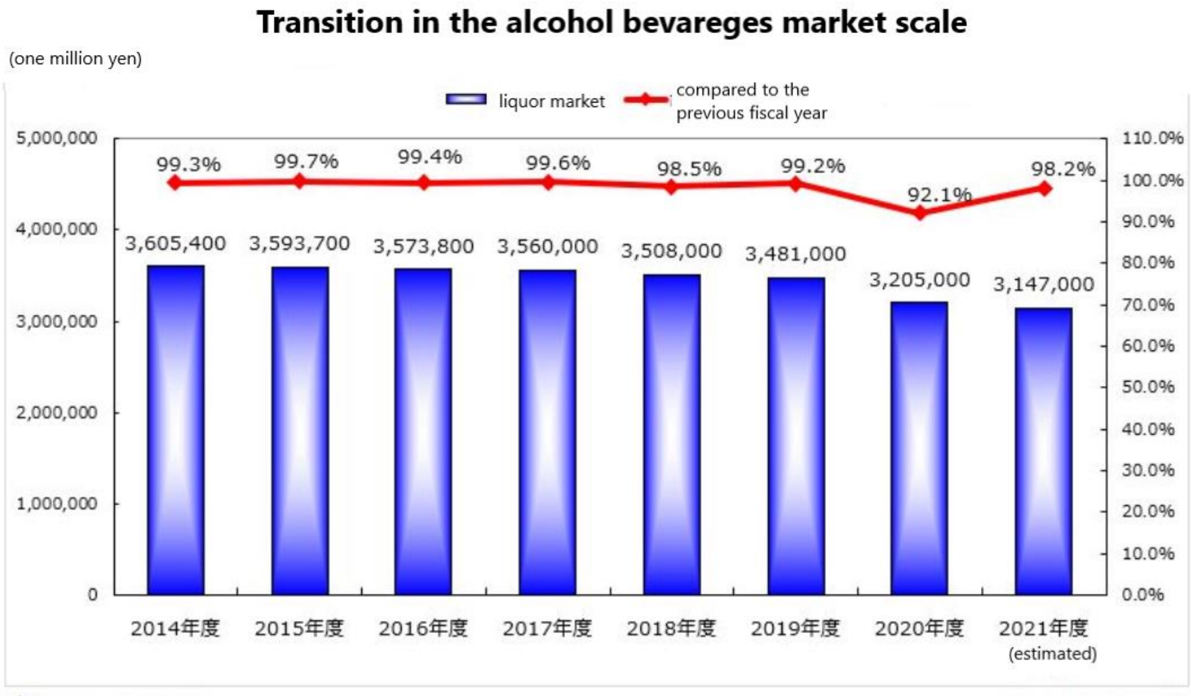
- **Supermarket Trade Show (SMTS)** *(in February)* – the largest international trade show targeting supermarket buyers and food retailers;
- **Foodex Japan** *(in March)* - Japan's Largest International Food and Beverage Exhibition (incl. **Biofach Japan**);
- **IFIA/HFE Japan** – **International Food Ingredients and Additives Exhibition & Conference / Health Food Exposition & Conference** *(in May)* - Japan's Largest Trade Show for Food Ingredients & Additives;
- **JFEX - JAPAN INT'L FOOD EXPO** (*in June*) - consists of 3 specialised shows: **JFEX FOOD**, **JFEX WINE & SPIRITS**, and **JFEX MEAT & DAIRY –** B to B food exhibition gathering all kinds of food & beverages from all over the world;
- **Wellness Life Japan** *(in July)* - Specialized Trade Show of Supplement, Functional Food and Natural Food for Healthy Life;
- **Hi, FiT, S-Tec, LLj – Health Ingredients, Food Ingredients for Taste, Safety and Technology Japan, Food Long Life Japan** *(in October)* - Japan's Largest Trade Show for Functional & Health Ingredients.

Soft Drinks:

- From the early 1950s to contemporary days, the soft drinks market has experienced a dramatic growth.
- The turning point for the growth was the **Bin Coffee's introduction** in 1969 and the explosion of **vending machines** in Japan.
- 2014 - 2018 – There was an upward trend.
- 2019 - 2020 - Consumption per capita has been going downwards & domestic **soft drink production decreased** (Covid-19).
- Japanese consumers are very **health-conscious** (esp. in Covid-19 pandemic): **beverages with low or zero sugar addition** are wanted; **mineral water** sales increased due to heightened demand from households; **vegetable and soymilk beverages** perform well.
- Japanese consumers are concerned with the environmental impact of their purchases and put great attention on **PET bottles (recyclables)** - in 2020, the production of PET bottles was still 76% of the total production of packaging.
- The demand for **vegetable and fruit drinks** grew as a result of the health concerns of the consumers. Moreover, the demand for **sugary drinks and sugary carbonated drinks decreased** since consumers preferred to consume **sugar free products**. As for functional drinks, with the fall in daily activities, the demand decreased as well. This decrease in the consumption of functional drinks did not affect the **energy drinks** sector as well, and their demand is still in a favourable condition.

Alcoholic Beverages Market in Japan

- The Japanese liquor market is **one of the largest in the world** with an estimated annual sale of **JPY 3.5 trillion** and growing consumption in several categories.
- Still, **foreign liquor imports in 2020, accounted only for the 9% total of the Japanese liquor market**, with a value of **JPY 256 billion**.
- In 2021, the import value of alcoholic beverages to Japan amounted to **JPY 278.2 billion**. The alcohol import value peaked in 2015, with more than JPY 305 billion. Major liquors imported to Japan are **fruit wine, whisky, and beer**.



Beer (includes *Happōshu*, of a lower malt-content and third-category beers made of malt substitutes):

- 2020 - Japan was placed **7th in the ranking for the global consumption of beer (since 2007)**, **but consumption decreased by 9.3%** (compared to 2019).
- Covid-19 – There was decrease of the demand for beer and alcohol beverages; consumption and production of **craft beer** were affected by the state of emergency.
- Shift of consumption from beer to low-priced liquor, such as **sparkling liquor, *chuhai* and beer-like products** (the so-called **"new genre drinks"**).
- 4 main producers: **Asahi** (the leader), **Kirin**, **Sapporo** and **Suntory.**
- 2015~2020 - The **non-alcohol beer market has increased** (13%), reaching 22.66 million cases in 2020; shift towards non-alcohol beer as a consequence of the state of emergency, that effected the Japan food service industry (both Asahi and Kirin plan to increase their production of non-alcohol beer to meet the demand).
- In 2021, the **non-alcoholic beverages market size increased by 111%** (based on cases of non-alcoholic beer sold), compared to the previous year.

Wine:

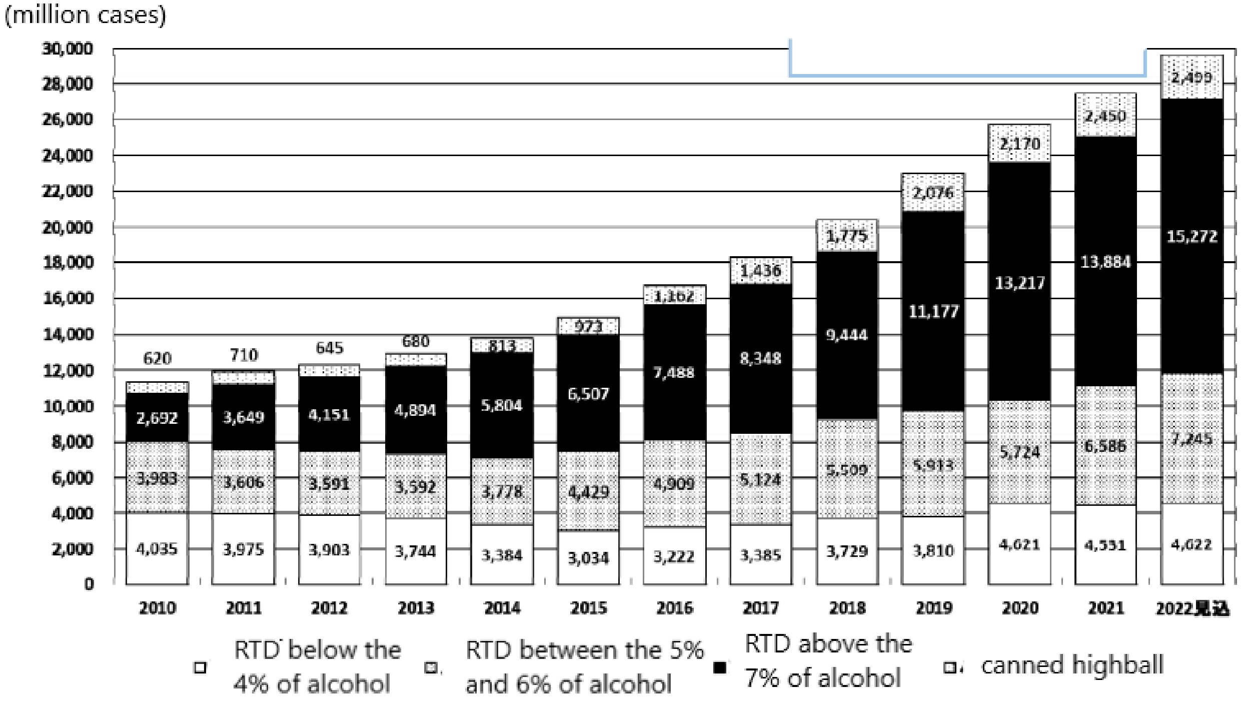
- Wine import in the Japanese market accounted for **EUR 1.6 billion in 2019**, making Japan **the 2nd larger wine-consumer nation in Asia** and the **6th largest importer worldwide**. Japan is also **the 3rd largest sparkling wine importer by value**.
- **The EU is one of the principal suppliers of alcoholic beverages in value in Japan**.
- **France** is the first supplier of **wine**, followed by **Italy**. Other EU countries that are important alcoholic beverages suppliers, for spirits and beer, are **the Netherlands, Belgium and Germany**. However, **South Korea, the US, Chile, Vietnam and UK** are strong competitors in the alcoholic beverages market, too.
- Covid-19 (2020) – There was decrease of the demand for wine, but home consumption increased.
- The **still wine** market - **decrease of 7%** from 2019 to 2020 (by volume was 352.2 million litres).
- Wine import - decreased by 12% y/y, totalling 64.2% of total wine sales.
- The **sparkling wine** market – **decrease of 20%** in 2020 y/y.
- **The EU holds the largest market share for sparkling wine, with 36% coming from France, 32% from Spain and 19% from Italy.**
- For the market across both **still and sparkling wines, the EU also dominates the market, but Chile holds 30%, against France holding 28% of the market share** (when looking at specific countries).

- **Opportunities**: **health and sustainability** are fronts of mind:
  more demand for organic, biodynamic and natural wines with no artificial additives.

RTD Beverages (Ready-to-Drink Beverages) – *shochu*-based and flavoured:

- Japan was expected to lead the global market of RTD by 2022, having already surpassed the US market. However, a large share of these products is now **non-alcoholic** to meet the growing demand of non-alcoholic beverages.
- **Growing for 14 consecutive years**, the Japanese RTD market reached its **biggest scale in 2021** with 274,510,000 cases sold, and a **107% increase** compared to 2020.
- In 2022 the market is expected to keep growing with an estimate **increase of 8%** compared to 2021.
- **Lemon-flavoured RTD** are most popular among the Japanese population.
- In 2021, the **non-alcoholic RTD market** had an even bigger growth than the alcoholic RTD market, with a **39% increase** y/y.

RTD Market Transition 2010-2022



Source: Suntory, RTD market survey, 2022

Meat Market in Japan

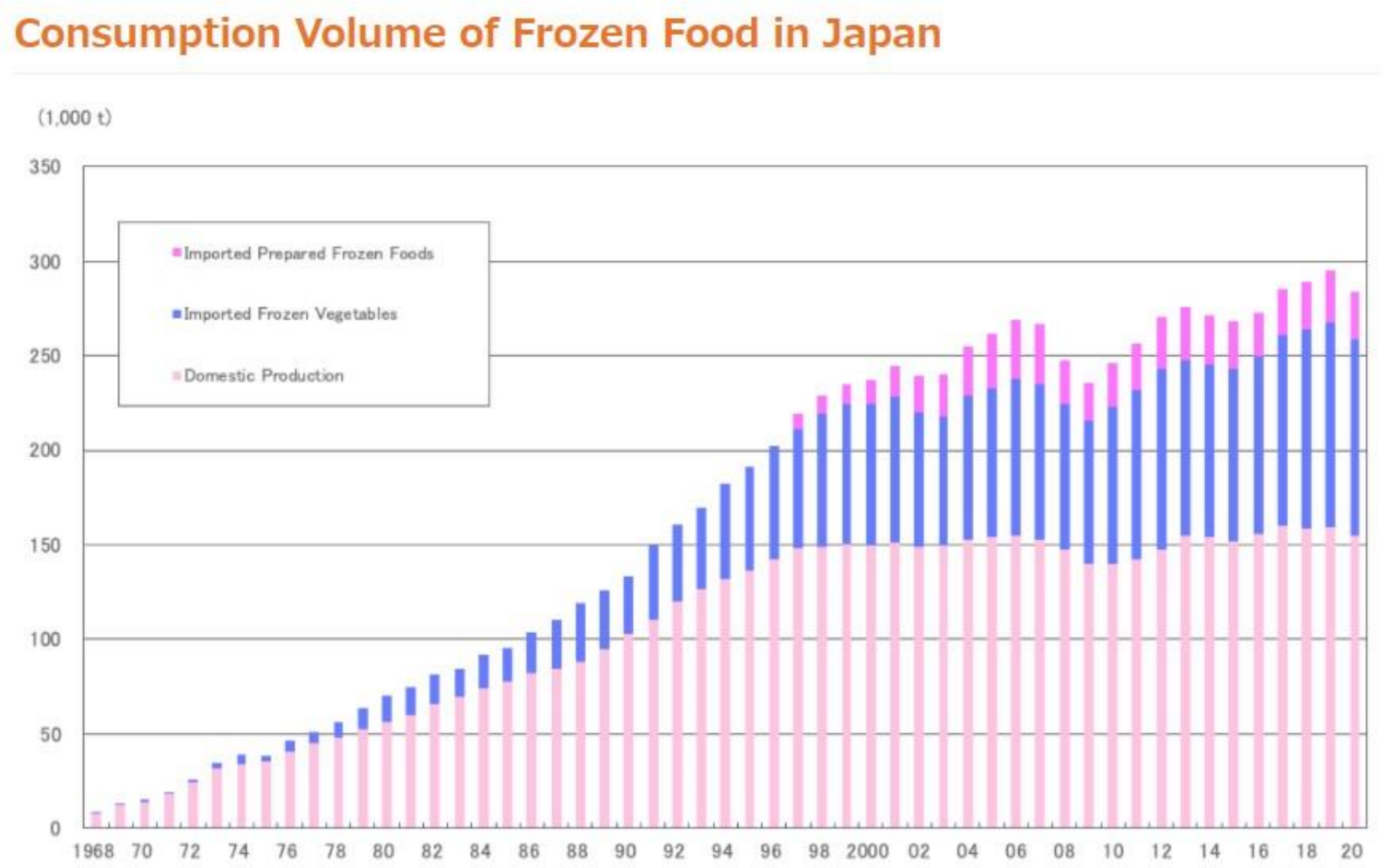
- The annual consumption volume of meat in Japan amounted to over **33 kilograms per person** (2020, remaining at the same level as the previous fiscal year).
- **Staples of the Japanese meat market are pork and poultry**, which are considered major sources of iron and protein, respectively.
- The import volume of **poultry** to Japan was estimated to reach around **927 thousand tons** (in fiscal year 2021, an increase from about 736 thousand tons in 2012). Japan is a major importer of poultry products, with **chicken meat** being in demand for its high protein and low-fat content.
- The import volume of **pork** to Japan was estimated to reach around, around **929 thousand tons** (in fiscal year 2021, an increase from about 760 thousand tons in fiscal 2012). Pork is considered a staple product on the Japanese meat market, with imported products being necessary to cover the domestic demand.
- The import volume of **beef** and **veal meat** to Japan was estimated to reach around **569 thousand tons** (in fiscal year 2021, an increase from about 506 tons in fiscal 2012). With the import ban on beef imports from the United States being lifted in 2019, the North American country regained its position as a major exporter of bovine products to Japan.
- In 2020, Japan was the biggest importer of **OTHER PREPARED MEAT** (followed by: the United Kingdom, the Unites States, Germany and the Netherlands).

Packaged Frozen Food Market in Japan

- **Frozen foods** are continually growing in popularity within the Japanese food market.
- In 1958, the frozen food production market amounted to nearly zero, while in 2020, the production value attained approximately **USD 6.6 billion**. Its popularity remarkably increased after Tohoku triple disaster in 2011 (*consumers in Japan started to think about the importance of having frozen food available, especially when perishable foods are not accessible*), but the increase of dual-income, elderly households and single households (ready-to-eat meals), were the important factors, too.
- In 2020, frozen food represented a total of **2,840,373 tons** (including domestic production and imported food).
- **Domestic production represents more than half of the total production**, but consumption of imported frozen products has increased in the last decades for **frozen vegetables** as well as prepared **frozen foods**. In 2020, **prepared foods made up 89.5% of the total consumption volume**, and **farm products and fishery products** respectively only compose **4.4% and 3.0%**, while **confectionery and livestock products** have the lowest ratio with **2.8% and 0.3%.**
- The variety of frozen food products in Japan is wide. There are categories such as **frozen meat products, noodles, fried products, and rice meals** (further divided into subcategories).

Packaged Frozen Food Market in Japan

Frozen foods are continually growing in popularity within the Japanese food market.



Canned Meat Market in Japan

Canned (Ambient) Meat (all shelf-stable meat products, i.e., tinned meat in cans, meat in jars, cured and fermented meats such as salamis, chorizos and meat snacks like Biltong)

- The global canned meat market is projected to at a CAGR of **8.23%** during the forecast period (2022-2027).
- **Canned meat market in Japan registered a positive compound annual growth rate (CAGR) of 2.74%** during the period 2015 to 2020 with a sales value of **JPY 85,817.04 million** in 2020 (4.13% increase y/y). **The market achieved its strongest performance in 2017**, when it grew by 4.24% y/y and its weakest performance in 2016, when it increased by 0.79% over 2015.
- In 2020, **canned meat sales were booming** due to COVID-19 pandemic, the sales of **Spam and Corned Beef** went up considerably.

Canned Meat and Canned Seafood Market in Japan

- Asia-Pacific is the fastest-growing region in the global market for **canned meat, especially canned fish/seafood, and fruits**. Countries, such as **Japan**, Korea, and China import **canned crab meat** in high quantities.
- According to Japanese MAFF, **around half of the seafood in Japan is processed and consumed salted, dried, smoked as fish paste, or canned**. The **seafood processing industry** has become increasingly important as consumer's preferences to easier-to-use processed products has increased. Also, the food presence of major supermarkets, such as 7-Eleven, E-mart, Big C, etc. and the increasing internet penetration, online market for the purchase of canned meat products are therefore surging the market growth.
- A wide variety of canned foods including **canned bread, grilled chicken, grilled fish, boiled fish**, or other cooked foods are available.
- **Pan Akimoto's** canned bread is produced with its unique manufacturing method patented in 4 countries: Japan, US, China, and Taiwan. They put the dough in a can and then bake it (it can be preserved for a maximum of 37 months from the date of production). Its "*Oishii Bichikushoku*" (Delicious Preserved Food) series is very popular and there are three flavors, strawberry, orange, and raisin.
- **Hotei Foods'** *Yakitori* (grilled chicken) has remained a long-selling canned food since 1970. Charcoal grilled domestic chicken marinated in rich and sweet soy sauce is packed in a can with its delightful aroma.
- ***Kanzume Bars***, where canned foods and drinks are served have become popular these days in Japan.

Canned Meat and Canned Seafood Market in Japan

- The top player of the seafood processing industry is **Maruha Nichiro.** The **“Akebono Salmon”** is the best-known brand of canned salmon in Japan (feeding Japanese households for over a century).

MARUHA NICHIRO
For the ocean, for life

水産業界 売上高ランキング(2020年)

	企業名	売上高（億円）
1	マルハニチロ	8,625 →
2	日本水産	6,564 →
3	極洋	2,491 ↓
4	横浜冷凍 ※	864 ↓
5	マリンフーズ	836 →
6	はごろもフーズ	833 →
7	日本ハム ※	768 →
8	ニチモウ ※	719 →
9	ニチレイ ※	629 →
10	一正蒲鉾	346 →

※は部門売上高

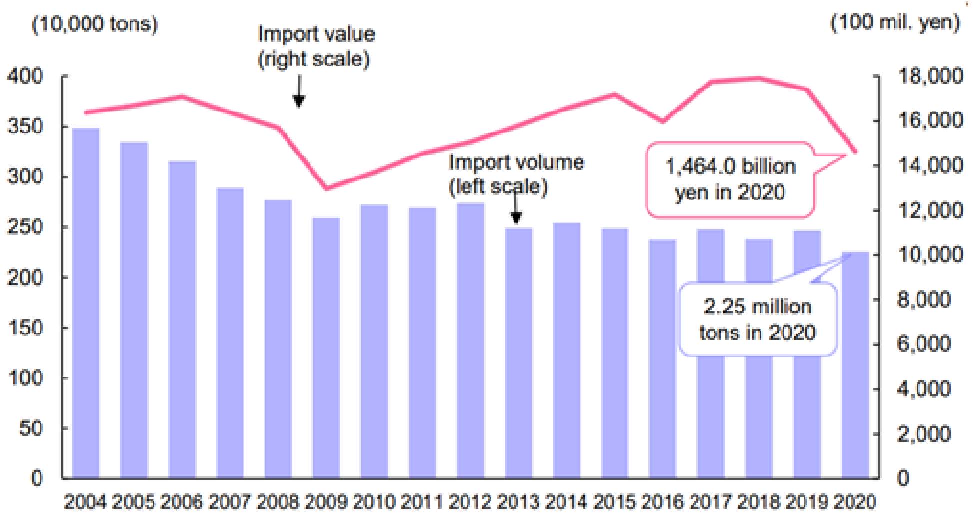
- One of the leading **luxury canned food brands** in Japan is **K&K** manufactured by **Kokubu Group Co.** (*a company founded over 300 years ago in 1712*) – its premium canned food examples are:
  - Smoked Salmon Belly (Smoked with Sakura Chips)
  - Honey Mustard Bacon
  - Corned Beef
  - Smoked Hiroshima Oysters
  - Beef Simmered in Red Wine.

Japan Fishing Industry

- Japan's **geographical conditions are very favourable for fishing** (nearly 30,000 km of coastline) but in 2020 fishery production totalled only **4.18 million tonnes** (76.1% seafood was caught through fishery, 23.9% was farmed through aquaculture), and both the industry as well production are on the **decline** since 1989.
- Japan produces **less than 50% of this supply**, and **more than half of the supply comes from imports**. Japan needs to **increase imports** to meet the consumption demand, which gives huge opportunities for foreign exporters to Japan.
- Two major companies operating within the marine products sector are: **Maruha Nichiro Corporation** with total assets worth over JPY 532 billion and **Nippon Suisan Kaisha Ltd.** with around JPY 475 billion in total assets.
- **Japan is one of the biggest per capita fish consumers in the world**. Japanese net consumption is **23.8 kg per capita** (opposed to the peak of 40.2 kg in 2001). This decline could in part be explained due to a more westernised diet of the Japanese (older generations, over 60 years old three times more fresh fish than those aged below 40) and a greying workforce (almost 50% of workers are over 65 years old).
- The top 3 species caught through fishing are: **Sardines, Mackerels and Shellfish**.
- The top 3 fish and seafood cultivated through aquaculture are: **Laver** (a type of seaweed), **Oysters and Yellowtails.**

Japan Seafood Import

- There has been a downward trend in seafood imports to Japan since 2018, but Japan remains **one of the biggest importers of seafood**. Japan imported around **2.25 million tonnes** of seafood in 2020 (valued at EUR 11.2 billion).
- The main suppliers to the Japanese market are **China, Chile, the USA, Vietnam and Russia**.
- The top imported products are **salmon and trout, skipjacks and tuna and shrimp**.
- Some key imports come also from **Europe**. 22.5% of imported salmon and trout in 2020 was imported from **Norway** (at a value of EUR 1.54 billion). One of the leading suppliers of tuna to Japan is **Spain**.



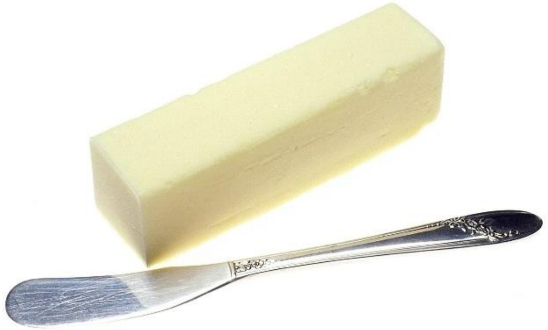
Source: Prepared by the Fisheries Agency, based on the Foreign Trade Statistics (the Ministry of Finance)

Japan Seafood Import

- In 2021 imports of **frozen tuna fillets** recovered by 24% at 14.400 tonnes compromised of the highest value Bluefin fillet (7.616 tonnes), Yellowfin (3.305 tonnes) and Bigeye (2.486 tonnes). The leading suppliers are **Korea, China, Spain, Morocco and Turkey**.
- Japan is one of the largest importers of **salmon - both wild and farmed**. In 2021, **imports went up to 57.3 tonnes, a 13.9% increase from 2020**. Most of this salmon is imported from **Chile**.
- Imports of shrimp fell over the last decade, from 290,000 tonnes in 2010 to 210.000 tonnes in 2020. Still, **shrimp and processed shrimp** remain a big part of the seafood items imported to Japan with a total value of around JPY 228.38 billion (1.75 billion euros).
- The EU is the fourth largest producer worldwide, accounting for about 3.1% of global fisheries and aquaculture production. 80% of production comes from fisheries and 20% from aquaculture. **Spain, Denmark, the United Kingdom, and France are the largest producers in terms of volume in the EU.**
- **The EU-Japan EPA represents new opportunities to EU companies seeking to export fisheries to Japan. Under the Agreement, all the fish products have been, or will be liberalised over time.**

Fats and Oils Market in Japan (2022)

- Revenue in the Oils & Fats segment amounts to USD 3.06 billion in 2023.
  The market is expected to grow annually by 1.52% (CAGR 2023-2027).
- In the Oils & Fats segment, volume is expected to amount to 550.1 mkg by 2027.
  The Oils & Fats segment is expected to show a volume growth of 3.4% in 2024.
- The average volume per person in the Oils & Fats segment is expected to amount to **4.3kg in 2023**.



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Fats and Oils Import in Japan

Japan imports Fats and oils and their fractions, of fish or marine mammals from (2022):

- **Chile** - with a share o 27% (USD 16.6 million)
- **Peru** -19.5% (USD 11.6 million)
- **Thailand** - 11.9% (USD 7.17 million)
- **USA** - 9.05% (USD 5.41 million)
- Somalia - 5.61% (USD 3.35 million)
- China - 3.58% (USD 2.14 million)
- Yemen - 3.31% (USD 1.98 million)
- Australia - 2.52% (USD 1.51 million)
- Oman - 2.18% (USD 1.3 million)
- Mozambique - 2.07% (USD 1.24 million)

IMPORT STRUCTURE:

- **79% (USD 47 million)**: Fats & oils & their fractions, of fish, other than liver oils, whether or not refined but not chemically modified *(150420)*
- **20% (USD 12.1 million)**: Fish-liver oils & their fractions, whether or not refined but not chemically modified *(150410)*
- **0.053% (USD 32 thousand)**: Fats & oils & their fractions, of marine mammals, whether or not refined but not chemically modified *(150430)*

AGENDA

4. The Japanese business culture

- A business card
- Personal relations
- Hierarchy
- Negotiations
- Consumer patriotism versus curiosity about novelties

Japanese Business Culture - Mentality

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Business Support on Your Doorstep

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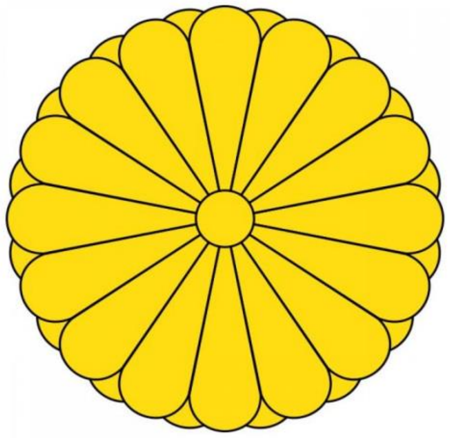


- **HIERARCHY** prevails in social and business relations – you are always judged according to your social roles and position / status in the society (age, profession, family)
- **PERSONAL RELATIONS** are the most important (also in business) - "you can create the first impression only once"
- **RESPECT** for any kind of **WORK** and each **PERSON** - we are all important and indispensable elements of the whole society
- **COLLECTIVISM** – the primacy of a **GROUP** over an **INDIVIDIUAL** – "any protruding nail must be hammered in"
- **MUTUAL TRUST** is the highest possible value and the foundation of human relations
- **TIME** – long decision-making process/ long negotiation process.

In Japan, it all starts with a business card!

Japanese Business Culture - Etiquette

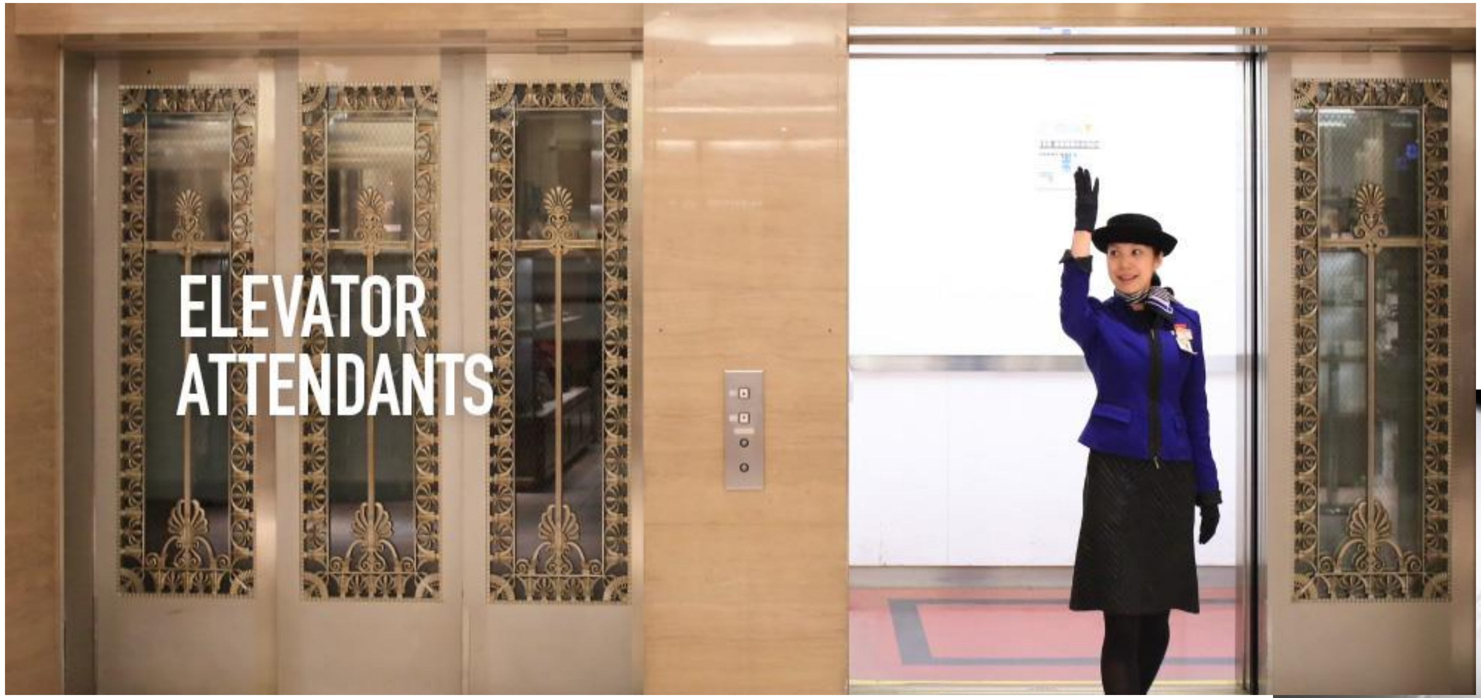
- A **Business Card** (“A man without a business card does not exist”, the way of handing in a business card and receiving it)
- Extremely strict rules regarding **precedence/priority/seniority** in human relations, especially in business: greeting order, bow depth (angle 15°/30°/45°), seating at the table/in the elevator/in a car (best and worst seats), honorific/modest language etc.
- Attachment to the **group**: teamwork, group meetings, hobby circles etc.
- An **oral commitment** is equal to a written one (keeping your word/promises)
- **“HAI”** as a confirmation of listening to the statement, not a sign of consent (often mistaken)
- Specific **body language** (bowing instead of handshaking, pointing at the nose to express “me”/”I”, an “ok” sign, no sniffing out your nose in front of others)
- Avoiding any kind of **direct physical contact** in business relations: no hugs, no patting on the back, no touching an arm, keeping a safe distance (respect for “privacy zone”)
- Being **punctual** at business meetings: Just In Time (proof of respect)
- **Formal and informal way** of building mutual trust (after-work obligations).

The Precedence – Business Meetings' Rules (1)

1. A Conference Room

The Precedence – Business Meetings' Rules (2)

2. An Elevator

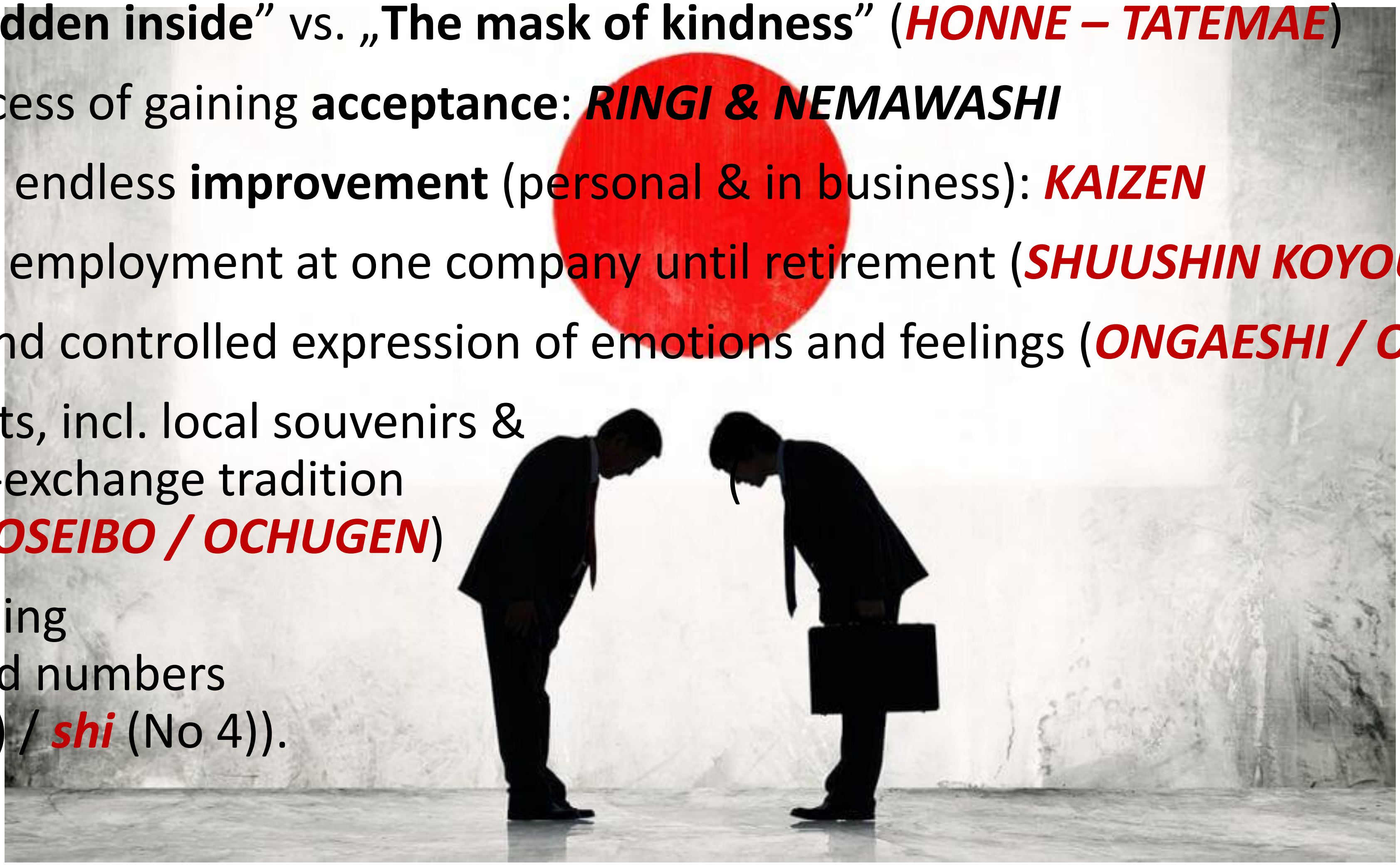


The Precedence – Business Meetings' Rules (3)

3. A Car

Japanese Business Culture – Social & Business Basics

- „**The truth hidden inside**” vs. „**The mask of kindness**” (***HONNE – TATEMAE***)
- Informal process of gaining **acceptance**: ***RINGI & NEMAWASHI***
- Constant and endless **improvement** (personal & in business): ***KAIZEN***
- Traditionally: employment at one company until retirement (***SHUUSHIN KOYOU SEI***)
- Formalized and controlled expression of emotions and feelings (***ONGAESHI / OREI / SHAZAI***)
- Culture of gifts, incl. local souvenirs & seasonal gift-exchange tradition (***OMIYAGE / OSEIBO / OCHUGEN***)
- Special meaning of colours and numbers (***shiro*** (white) / ***shi*** (No 4)).



Japanese Business Culture – Business Do’s & Don’ts

- **GET TO KNOW YOUR PARTNER BEFORE YOU MEET HIM** – do the so-called "Soft interview“.
- **PLAN CAREFULLY** – prepare & submit the program (obligatory!) - an official and an unofficial one.
- **CONSIDER THE PURCHASE OF GIFTS** – mind the value, wrap them well - casual, associated with your country - give it to a time convenient for the partner; a distinctive gift (in addition to the standard one) for the top person.
- **RESPECT THE HIERARCHY** (obligatory!) - when greeting, seating, handing out a business card, passing in the door, inviting to the car, inviting to speak, etc. (precedence, bow depth, fixed seat at the table, honorific / modest language).
- **CULTURE OF CONVERSATION** - do not interrupt, let the interlocutor finish the sentence and the whole utterance, nod your head and let him know you are listening carefully, at the end confirm what you have heard (therefore you think… / I understand that in your country / company…).
- **DO NOT MISUNDERSTAND THE “HAI”** - do not think your interlocutor agrees with your opinion, he is just confirming he is listening to you.
- **Look in the eye** (but not too boldly and directly), **read from the body language & the atmosphere (“KY”).**
- When dining together, **refill a glass of a partner** and people sitting close to you (do raise and drink beer for a toast).
- **Stick to the scheduled end time of the meeting** (or suggest a continuation elsewhere).
- **SEND A MAIL AFTER THE MEETING** - acknowledgment and summary of the visit and expression of hope for the continuation of cooperation.

Examples of unintentional violation of the Japanese business culture

- Inability to "read between the lines" - from body language and atmosphere (aimaina nihongo - typical understatements, understatements) - "KY" (kuki o yomu / yomanai hito; "Read the air"!),
- Recognition for accepting the discussed terms of cooperation based on nods of the head and "HAI" ("yes"),
- Providing the reason for refusal / rejection, referring to personal or family matters,
- Open criticism of the former client / competitor,
- Refusal to answer a question asked many times before,
- Refusal to attend a less formal meeting over drinks,
- Addressing taboo topics in a conversation,
- No business card during the first or decisive meeting,

- Dropping the partner's business card / inserting it into the back pocket of the pants / writing on the partner's business card,
- Handing a business card at the end of the meeting / with one hand / upside down,
- Prolonged staring at your partner's eyes while greeting your partner,
- Jokes made when greeting your partner,
- Offer the highest-ranking representative of the partner a place in the car next to the driver / at the door,
- A pat on the back, a hug or a kiss on the cheek when saying hello / goodbye,
- The order of saying hello to the group representing the partner - contrary to the protocol,
- Treating as a joke pointing at the nose ("me", "mine") & blowing your nose in the presence of others.

Thank you for your attention!

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