

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Japan

Food Processing Ingredients

Food Processing Sector

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Report Highlights:

The value of the Japanese food processing industry was estimated at 23.2 trillion yen in 2015, down 0.3% from 2014. However, the market is relatively stable and provides many opportunities and rewards for U.S. food and agricultural product exporters.

Post:
Tokyo ATO

Executive Summary:

SECTION I: Market Summary

A. Overall Market Summary

The value of the Japanese food processing industry was estimated at 23.2 trillion yen in 2015. Although the data showed a slight decrease of 0.3% from 2014, the Japanese food processing industry has been relatively stable in recent years.

Note: Because of the fluctuating exchange rate, the data in this report is in Japanese Yen. The following table of average annual exchange rate is provided for the readers' reference:

Figure 1: Average Annual Yen/USD Exchange Rate

Yearly average	2012	2013	2014	2015
JPY per USD	80.82	98.65	106.85	122.05

Source: http://murc-kawasesouba.jp/fx/year_average.php

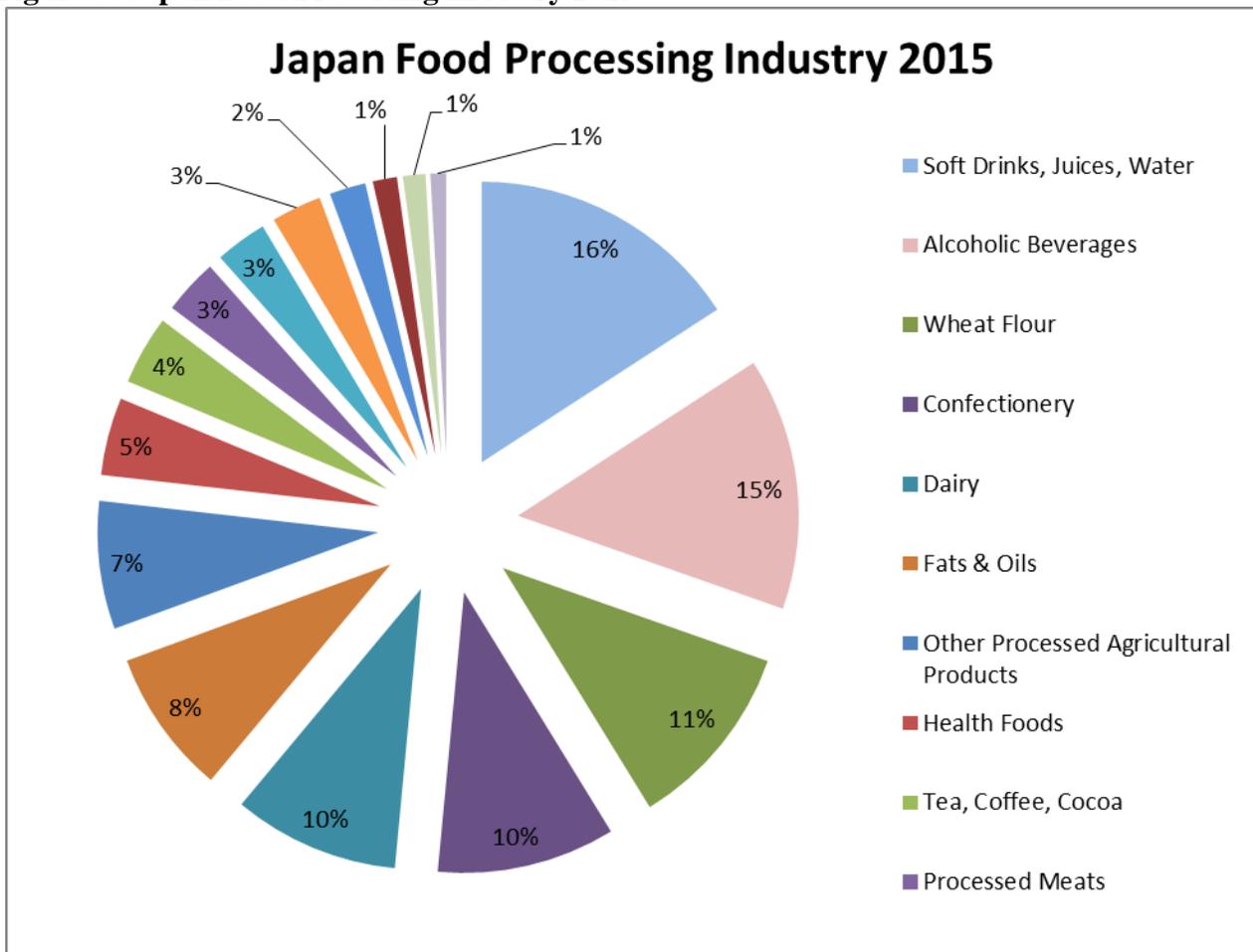
In 2015, sales of alcoholic beverages, wheat flour, confectionery products, dairy product, fats, oils, tea, coffee, cocoa, processed meats, frozen foods and retort products increased. The most significant increase was in health foods, which reflects the Japanese interest in healthy lifestyles and the demands of the aging society. On the other hand, the categories of soft drinks, juices, and water; other marine products; sugars; fish paste and canned and bottled foods were slightly down in 2015. There was no major change in the overall sales value, thus showing the stability of the food processing industry.

Figure 2: Japanese Food Processing Industry Sales 2012-2015

Category of Foods	2014 (Million Yen)	2015 (Million Yen)	2016 Est. (Million Yen)	% change		Compositio n (%) 2015
				(2015/2014)	(2016/2015)	
Soft Drinks, Juices, Water	3,687,067	3,676,024	3,658,783	99.7%	99.5%	15.9%
Alcoholic Beverage	3,330,483	3,369,485	3,384,030	101.2%	100.4%	14.6%
Wheat Flour	2,494,700	2,524,800	2,516,100	101.2%	99.7%	10.9%
Confectioner y	2,395,000	2,388,700	2,408,200	99.7%	100.8%	10.3%
Dairy	2,182,962	2,222,510	2,243,145	101.8%	100.9%	9.6%
Fats & Oils	1,924,790	1,943,265	1,960,840	101.0%	100.9%	8.4%
Other Processed Agricultural Products	1,693,059	1,704,952	1,704,703	100.7%	100.0%	7.4%
Health Foods	1,000,000	1,050,000	1,110,000	105.0%	105.7%	4.5%
Tea, Coffee, & Cocoa	923,430	929,580	929,370	100.7%	100.0%	4.0%
Processed Meats	740,000	750,000	746,000	101.4%	99.5%	3.2%
Other Marine Products	707,065	701,129	689,195	99.2%	98.3%	3.0%
Frozen Foods	675,990	680,040	686,650	100.6%	101.0%	2.9%
Sugars	488,970	475,350	475,080	97.2%	99.9%	2.1%
Retort	327,015	329,200	330,300	100.7%	100.3%	1.4%
Fish Paste	306,380	300,789	304,559	98.2%	101.3%	1.3%
Canned & Bottled Foods	211,452	210,912	213,557	99.7%	101.3%	0.9%
Total	23,088,36 3	23,256,73 6	23,360,51 2	100.7%	100.4%	100%

Source: Shurui Shokuhin Tokei Geppo (酒類食品統計月報1月号, January 2015 pp19, 2016 pp20)

Figure 3: Japan Food Processing Industry 2015



Source: *Shurui Shokuhin Tokei Geppo* (January 2016)

B. Domestic Companies

The Japanese food processing industry is dominated by 15 major companies that accounted for 61% of sales in 2015. Kirin Holdings Co., Ltd continued to be the largest company in the food processing industry. *Appendix A* provides a table of the top 15 Japanese food processing companies with their net sales, production locations, procurement channels, and telephone and website information.

C. Key Market Drivers

Key market drivers for the food processing sector in Japan frequently change however some recent ones include:

- A deflationary economic environment, causing processors to seek out lower-cost food inputs and international processing options to maintain competitive prices. A weak Japanese yen causing a slowdown in imports.
- Continued diversification of the Japanese diet.
- Personalization and individualization of food and food marketing.
- Increasing emphasis on convenience, ready-to-eat foods due to changes in the Japanese family structure.
- Heightened consumer and retailer food safety concerns.
- Decreasing consumer demand for some products due to the aging population and lower fertility rate.
- Increasing interest in health and functional foods with an emphasis on the needs of the growing senior population.

D. U.S. Involvement in the Industry

The United States is one of the largest exporters and suppliers of agricultural products to the Japanese market, representing 10.27% of Japanese agricultural imports in 2015.

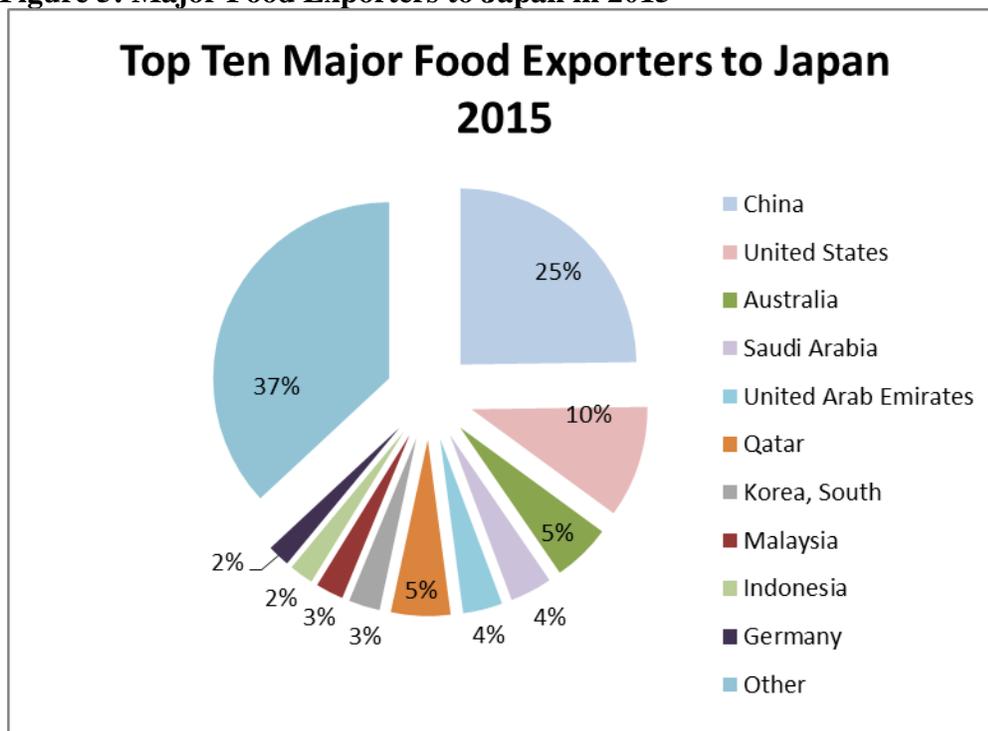
Figure 4: Major Food Exporters to Japan in 2015

Rank	Partner Country	United States Dollars (Billions)			% Share			% Change 15/14
		2013	2014	2015	2013	2014	2015	
	World	832,627	812,954	648,083	100	100.00	100.00	- 20
1	China	180,840	181,038	160,624	21.72	22.27	24.78	- 12
2	United States	69,824	71,386	66,589	8.39	8.78	10.27	- 7
3	Australia	50,989	48,176	34,822	6.12	5.93	5.37	- 28
4	Saudi Arabia	49,888	47,521	25,070	5.99	5.85	3.87	- 47
5	United Arab Emirates	42,521	41,771	23,516	5.11	5.14	3.63	- 44
6	Qatar	37,007	33,575	16,345	4.44	4.13	2.52	- 51
7	Korea, South	35,852	33,408	26,815	4.31	4.11	4.14	- 20
8	Malaysia	29,778	29,204	21,532	3.58	3.59	3.32	- 26
9	Indonesia	28,849	25,656	19,765	3.46	3.16	3.05	- 23
10	Germany	23,784	24,140	20,279	2.86	2.97	3.13	- 16

Source: *Global Trade Atlas: Agricultural Total Group 2*

Source: *Global Trade Atlas*

Figure 5: Major Food Exporters to Japan in 2015



Source: Global Trade Atlas

Figure 6: Japan Import Statistics from United States 2015

Description	Value (U.S. Dollars)			% Change
	2013	2014	2015	2015/2014
Beverages	384,615,631	361,244,972	362,880,548	0.45
Preserved Food	44,533,083	43,177,909	35,411,677	-17.99
Cereals	10,295,847	16,326,165	15,088,340	-7.58
Misc. Grain, Seed	3,372,642	3,434,570	3,861,750	12.44
Meat	535,914	543,424	497,162	-8.51
Edible Fruit and Nuts	326,385	269,393	259,706	-3.6
Vegetables	179,508	162,429	139,252	-14.27
Prepared or Preserved Meat	129,320	122,692	114,343	-6.8
Sugars	60,582	67,868	70,072	3.25
Dairy, Eggs, Honey	67,898	87,173	65,739	-24.59
Baking Related	79,470	74,749	63,273	-15.35

Sausages, Similar Products	12,035	10,732	10,820	0.81
Cocoa	7,540	6,542	6,696	2.36
Spices, Coffee, Tea	4,135	3,540	3,337	-5.74
Soybean Oil, derivatives, not chemically modified	2,633	3,140	1,897	-39.58

Global Trade Atlas, Japan Import Statistics, All AG Simplified. (Figures Rounded)

E. Analysis

Some key factors affecting food exports to Japan are:

1. Japanese consumers enjoy trying new types of food.
2. The weak Japanese yen exchange rate in 2015 made imported food more expensive and drove down food imports from foreign countries to Japan.

The U.S. supplies many important components of Japanese food. For example, about 70% of soybeans are imported from the United States. Soybeans are a staple of Japanese food culture and are used for tofu, miso, natto, soy milk, soy sauce, and many other common items. China enjoys a geographical advantage, which affects prices and its ability to ship fresh products.

F. Key Advantages and Challenges for U.S. Food Products

In addition to the U.S. being a large food exporter to Japan, Japanese consumers are familiar with common U.S. ingredients such as meats, dried fruits, nuts, etc. Products from the U.S. are also recognized for their high quality, trendiness, and health benefits. Some of the key advantages and challenges for U.S. food products are:

Advantages	Challenges
The U.S. has a reputation as a reliable supplier of food inputs in terms of availability and trustworthiness.	Consumers perceive Japanese food as safer than imported food, including food from the U.S.
Manufacturers in the U.S. produce many specialty food products that are attractive to Japanese consumers.	Getting a meeting with the most appropriate purchaser or company can be difficult in Japan.
Many Japanese consumers love American culture and cuisine.	Getting product information to the consumer is a challenge.

G. Industry Developments

The stagnation of personal consumption was a challenge for the Japanese food processing industry in 2015. Due to the unstable pricing for commodities affected by the weak yen, purchasing power of the Japanese consumers decreased. Companies were faced with the challenge of finding ways to produce a product that would enhance the customers' desire to purchase it despite cutbacks.

Sales of wheat flour, confectionery products, dairy products and other processed products

increased in 2015. Many companies launched new brands as well as upscale versions of their original brands in order to stimulate consumption.

Here are a few of examples of these new brands products:

In November 2015, Japanese confectionery company Ezaki Glico Co., Ltd. introduced an upscale version of their signature ice cream products, but these were aimed at adults instead of children. They released two different flavors, “*Papico Otona-no Chocolate*” and “*Ice no mi Otona-no Cafelatte*” which became tremendously popular. “*Otona-no*” means “for adults” in Japanese, but it also implies “high quality.” Glico introduced this new series to capture the interests of customers whom do not usually buy retail ice cream products. “*Otona-no*” became a new popular keyword for naming and marketing products in the food processing market, commonly used with upscale versions of traditional products.



Another trend in the processed food industry in 2015 was “collaborations” or “tie-ups.” Akagi Nyugyo* Company Ltd. and ROYCE' Confect Co., Ltd. introduced their jointly development product, “*Royce Ice Dessert Sand*” Royce is a popular chocolate confectionery company and Akagi Nyugyo is a popular dairy. This product attracted long-time ice cream fans as well as new customers who were loyal to Royce products.



Another example of upgrades to original products is the new “*Sakeru Cheese*”, which is a long-standing popular string cheese product by Megmilk Snow Brand Co., Ltd. In fall 2015, Megmilk added “butter soy sauce” and “roasted garlic” flavored cheese to their product line. These products were quickly accepted by customers looking for an interesting twist on the traditional flavor.

Due to the consumer demands for healthy foods in Japan, many companies introduced new health-oriented food products. For example, in May 2015, Nissin Foods Holdings Co., Ltd. and the restaurant group Nadaman launched a new type of instant noodle called “*Wafuu dashi no men.*” This is a healthy ramen product that is low in calories and salt. Nissin Foods advertised that it only had 178 kilocalories and had 30% of its normal salt level. By using clam and crab broth, it maintained a flavor that consumers liked but with much less salt.



Acecook Co., Ltd. also introduced a healthy new instant noodle product called “*Dashino Umamide Genen.*” This was the first product which was authorized as “*Karushio*” (low salt product) by the National Cerebral and Cardiovascular Center. Both Nissin Foods and Acecook wanted to bring back consumers who have quit eating instant noodles because of concern

for the amount of salt these products normally contain.

The very popular green tea product, “*Lemon Tokucha*” by Suntory Holdings., added a two-liter sized bottle in its lineup for family rather than individual use. tea includes the ingredients quercetin glycoside, which is believed to help reduce body fat. In 2015, shipments of *Tokucha* expanded by 125%, making it the top selling item among functional food (FOSHU)



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The



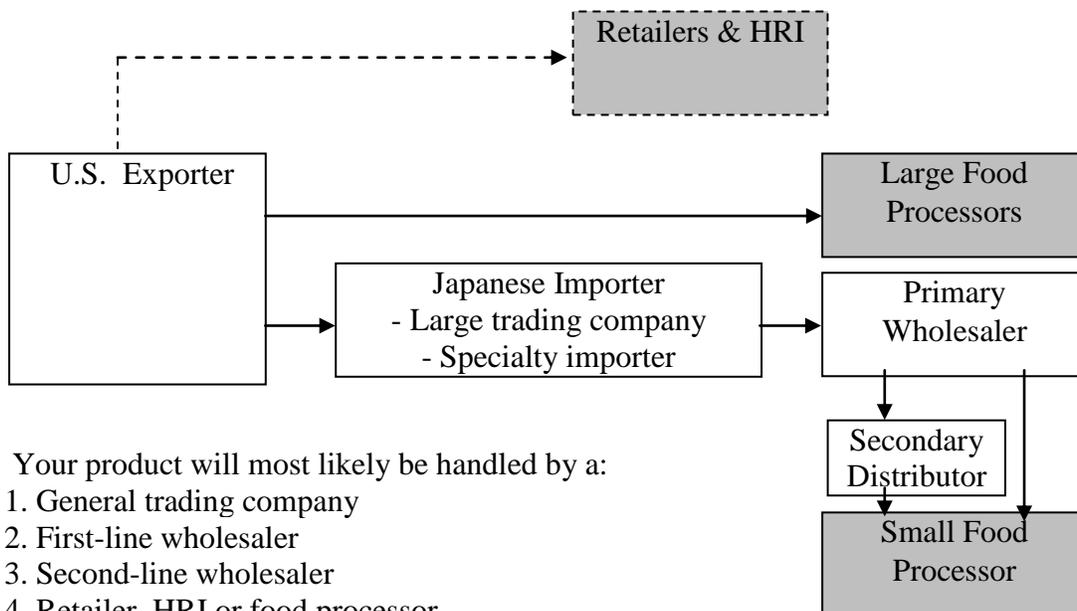
products.
Nissin Seifun Group Inc. received an award from the Nikkei Marketing Journal for their new flour product. Nissin used new manufacturing methods to create a smoother flour texture than ever before. Also, the new package, which is more compact and has a lid that can be opened two different ways, received favorable feedback from consumers. They say the packaging makes it easier to measure the flour. This innovation made it a very popular new item in 2015.

SECTION II: Market Structure & Entry

A. Market Structure

The Japanese market structure and distribution system is different from that of the United States. The following illustration is a basic flowchart showing how imported products enter and move through the traditional Japanese distribution system:

Figure 7: Food Ingredient Distribution Flow Chart



Your product will most likely be handled by a:

1. General trading company
2. First-line wholesaler
3. Second-line wholesaler
4. Retailer, HRI or food processor

Trading companies play the following roles:

1. Legal importer
2. Financing
3. Customs clearance
4. Warehousing
5. Preparation of order and shipping documentation

In the past, trading companies would normally sell to first-line wholesalers, who would then sell to secondary distributors. This pattern has changed in the past decade as companies seek to reduce logistical costs. Large food processors and retailers are now purchasing sizeable quantities of product directly from trading companies.

In some cases, the HRI and retail sectors are choosing to directly import items themselves if the size of the transaction makes it cost effective, as displayed in the graph above by the dotted line from exporters to retailers and HRI.

These HRI importers are often large family-owned chain restaurants, *kaiten* (conveyer belt) sushi restaurants, and regional restaurants. Often times, the importer or trading company needs to also add value through special processing, designing, or packaging. These transactions circumvent the usual second-line wholesalers and distributors.

B. Market Entry

It can be difficult to enter the Japanese market. There are many factors to consider, such as strict regulations on some ingredients and additives, demands for consistency and high quality, and the amount of information that buyers will ask for before making a decision to import. Despite this, the Japanese market has enormous potential. With Japan's changing demographics, demand is shifting and new opportunities are constantly presenting themselves.

Strategies for entering the Japanese market will vary depending on product characteristics, competition, and the market environment. However, Japan is a very competitive market. Therefore, buyers in the food and beverage industry are inundated with meeting requests and do not respond well to requests for meetings with individual companies that they do not know. Instead, they prefer to find new products at large trade shows, or specially targeted trade showcases, where they can look at many products at once. Therefore, the best way to learn about the market while getting the chance to talk to potential business partners is to participate in a trade show.

The largest food related trade show in Japan is FOODEX Japan, which takes place every March. Depending on your target market, other smaller trade shows can also be useful, such as the Supermarket Trade Show, International Food Ingredients and Additives Exhibition, Patisserie and Bakery Show, the Tokyo International Gift Show, Health Food Exhibition, etc.

USDA works very closely with a few regional organizations in the United States, which are designed to help agricultural exporters, and offer export counseling to food and beverage companies and bring delegations to shows, often helping defer the costs of exhibiting. The regional contacts are:

Southern US Trade Association (SUSTA); <http://www.susta.org>
States AL, AR, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, TE, TX, VA, WV

Western US Agricultural Trade Association (WUSATA); <https://www.wusata.org/>
States: AL, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WY

FOODEXPORT Northeast; (215) 829-9111; info@foodexport.org; <https://www.foodexport.org/>
States: DE, NY, VT, CT, MA, ME, RI, NH, NJ, PA

FOODEXPORT Midwest, (312) 334-9200; info@foodexport.org; https://www.foodexport.org
States: IL, IN, KS, MN, MO, NE, IA, MI, ND, OH, SD, WI

The Agricultural Trade Office is also available for consultations about the potential for your product in the market. For further guidance and a more detailed outline of the variety of resources available to U.S. exporters, please refer to *Appendix B*.

SECTION III: Sector Trends and Products with Good Sales Potential

A. Consumer Trends

At the consumer level, the following trends are driving the way food processors market their products.

1. Beauty & Anti-Aging

Products that offer beauty or anti-aging benefits have always been popular in the Japanese market. Research has shown that over 80% of Japanese women are aware of the word “Anti-aging”, and it is a keyword that especially attracts Japanese female consumers.

Most recently, products which combine collagen, elastin, and/or hyaluronic acid are popular among female consumers. Products containing “superfoods” linked to “beauty from within” such as coconut oil and chia seeds have also become extremely popular in 2015. These ingredients are all said to have various benefits for the skin, hair, and general health, and can be found in many new products.

Another very popular example is gummy candy that has added collagen to improve skin health. Through mass media and SNS, these foods have gained tremendous popularity among mainly female consumers. Food manufacturers in Japan are always looking for the next “superfood” or anti-aging breakthrough ingredients to introduce into their products, so exporters with new ingredients with beauty-related benefits that can tap into this demand can do very well in this market. It is especially helpful if you can offer something that is not yet widely available in Japan.

2. Health and Functional Foods

Like anti-aging and beauty related food items, food with other health benefits is also highly prized in Japan. A recent study showed that over 70% of Japanese people feel the need to live a healthy lifestyle, and over 90% of Japanese women have experienced dieting. A healthy diet is

an extremely valued concept in Japan, and many people aim to maintain a healthy diet by excluding instant foods which contain artificial ingredients or additives or adding foods with special properties.

Functional foods have gained popularity from all generations in Japan. The official definition of functional foods (FOSHU) and drinks in Japan is “food which is expected to have a specified effect on health due to the relevant constituents or food from which allergens have been removed.” Functional ingredients such as dietary fiber, oligosaccharides, non-calorie sweeteners, calcium, iron, mineral absorption promoters, beta-carotene, chitosan, specified soy protein, collagen, polyphenols, lactic acid bacteria cultures, soy isoflavones, and germinated brown rice (GABA) have been included in functional foods marketed in Japan. As of December 2015, there were 149 products approved for use on foods and the list is growing rapidly.

Examples of functional foods include yogurt or chocolate with lactic bacteria to help digestion and blueberry smoothies with lutein, which is shown to improve eye health. The major distribution line for these functional food products is through supermarkets and convenience stores.

3. “*Gohoubi Shouhi*”

According to research conducted by the Japanese Cabinet Office, approximately 70% of the Japanese population classifies themselves as middle class. Despite years of deflationary pressures restricting income growth, there is a concept of enjoying small luxuries that is popular in Japan. This idea is called “*Gohoubi Shouhi*” (Reward Consumption).

“*Gohoubi Shouhi*” is a consumer behavior in which individuals treat and reward themselves by purchasing pricey products. Approximately 38% of Japanese women report that they spend money on *Gohoubi Shouhi* once a month. They are especially more likely to spend their extra money on dessert and confectionery products. Many convenience stores have launched up-scale and premium versions of products in their confectionery lines for those who are willing to spend extra money on better quality products.

“*Puchi Zeitaku*” (Mini luxury), “*Otonano*” (Adult or Upgraded) are other keywords that refer to this concept. Many products such as limited-time special flavor products and craft beers are sold at slightly higher prices than normal products for the *Gohoubi Shouhi* market.

4. *Increasing purchasing power of women*

Japanese women have always had a great deal of responsibility for daily purchases for themselves and their families. However, due to the increase in the number of working women in Japan, net household income has risen. Thus, the purchasing power of Japanese women has increased, as has their reliance on convenience stores for food purchases. It is therefore essential to look carefully at female consumer behavior when it comes to creating marketing strategies in Japan because of the influence Japanese women have in regards to purchasing so many items.

With the increase of women in the workforce, many confectionery companies have launched products that target working women. In convenience stores in Japan, you can find a variety of mini size packaged candy, snacks, and chocolates in the confectionery area that target working women who want a sweet snack with their coffee or lunch. However, the confectionery market

is extremely competitive.

5. Growth of Convenience Foods

Along with the increase in the number of working women and the overall long hours worked in Japan has been an increase in demand for convenience foods as a replacement for meals made from scratch at home. The best example is the rapid expansion of convenience (*konbini*) store chains over the past decades, which specialize in a large variety of prepared meals. Examples of prepared meals are traditional bento lunch boxes, onigiri (rice balls), pasta dishes, sandwiches, salads, baked goods, and desserts. Ingredients such as low-cost processed vegetables for bento lunches or ingredients in snack foods such as croquettes, fried potatoes, and meat patties, are in high demand.

As the number of households with two working parents has increased, so had the demand for easy-to-prepare meals. Another factor is that young Japanese are marrying later, so single people tend to choose easy-to-prepare single-portion meals. Packaged sauces, meals in-a-box, instant meals, and other convenient options are growing in popularity and will most likely continue to grow.

6. Demographic Issues in Japan

Japan is undergoing a major demographic change. Due to low fertility rates, the percentage of young people has been shrinking since the 1980's. On the other hand, the population for Japanese aged 60 and over has been growing, and now accounts for approximately 44% of the total population. By the end of this decade, there will be three pensioners for every child under 15 in Japan. This significant change has impacted consumer demands.

One impact has been to intensify the already strong demand for healthy and functional food products. Many domestic firms in Japan have begun the process of creating product lines that target the physical and dietary needs of elderly people. These include high-nutrient food products, anti-aging foods, and pureed foods which elderly people can eat with ease (often referred to in this market as "care food" or "universal design"). Some companies claim that products in the market need improvements in areas of taste, texture, and price. Thus, raising the quality and lowering the price of these products is the current challenge for food producers.

B. Producer Trends

The best place to see producer trends is at the large trade shows. As mentioned earlier in this report, one of the largest food trade shows in Japan is FOODEX (see Appendix: Entry Strategy: part 3) which lasts four days and usually attracts more than 76,000 trade-only visitors including food service, trading, wholesalers, manufacturing, and retail. FOODEX provides business opportunities for exhibitors to expand their business as well as receive contacts from industry professionals. The FOODEX organizers also provide data on the types of products most sought out by visitors.

FOODEX Japan 2016 Product Information**Most Common Products on Exhibit (Overseas) / Number of Companies**

Ranking	Product Type	# of Companies
1	Confectionery / Dessert	415
2	Organic / Wellness	325
3	Frozen Product	296
4	Halal / Kosher	252
5	Wine (Wine, Sparkling)	228
6	Beverages	216
7	Oil and Fats	202
8	Tea / Coffee	198
9	Fresh Product	193
10	Sauce / Dressing	191
11	Seasoning / Ingredients / Spices	191
12	Retort Pouch Food / Delicatessen	169
13	Alcoholic Beverages (excl. wine)	167
14	Staple Food	141
15	Dehydrated / Smoked Product	131

Most Sought After Items According to Buyers

Ranking	Product Type	% of Companies
1	Sweets & Snacks	12.1
2	Livestock products	10.9
3	Alcohol	9.8
4	Vegetable & Fruits	9.1
5	Coffee & Tea	9.1
6	Marine products	8.7
7	Seasoning & ingredients	8.4
8	Bread & Noodle & Pasta	7.2
9	Drink & Water	5.8
10	Grains	5.2
11	Milk & Egg Products	4.4
12	Health & Beauty Food	4.2
13	Organic & Environment-minded Food	2.1

14	Sugar & Spread	1.6
15	Other / Information	1.4

Source: FoodEX Japan 2016 (<http://www.jma.or.jp/foodex/en/pdf/pdf-2015showreport.pdf>)

In 2016, FOODEX hosted 1,262 Japanese exhibitors and 1,935 exhibitors from overseas.

C. Products Not Present Due to Significant Barriers

1. Items Containing Prohibited Ingredients or Ingredients in Excess of Allowable Limits

Because of the strict Japanese regulations on food additives, some U.S. food products containing prohibited additives or residues/additives in excess of allowable limits cannot enter Japan. U.S. exporters interested in the Japanese market should check their product compliance as a first step. Contact ATO Japan at atotokyo@fas.usda.gov

For more information on food additives, please refer to JETRO's Specifications and Standards for Foods, Food Additives, etc. Under the Food Sanitation Act (2010)

<http://www.jetro.go.jp/en/reports/regulations/pdf/foodext201112e.pdf>

2. High Tariff Rate or Quota Restricted Items

A variety of dairy products such as butter, edible non-fat dry milk, whey products, cheese, yogurt, and other dairy products are subject to tariffs under a tariff-rate quota. Likewise, sugar and rice face very high tariff rates when imported to Japan. It is wise to check the tariff rates as well as quota restrictions for your product classification when as part of the pre-entry market research. Quotas also exist on some items such as dried beans. The latest Japan Customs' tariff schedule is available in English at the following website:

http://www.customs.go.jp/english/tariff/2012_4/index.htm.

3. Quarantine Restricted Items

Numerous fresh produce products are prevented from entering Japan due to Japanese plant quarantine regulations. For example, U.S. fresh potatoes are prohibited from import except under a strict protocol. U.S. apples can be imported but must meet strict phytosanitary standards.

You can check whether or not your products are allowed in Japan and any phytosanitary import procedures they must follow by contacting the USDA Animal and Plant Health Inspection Service office in Tokyo at (011-81-3) 3224-5111 or emailing the USDA Agricultural Trade Office (ATO) at atotokyo@fas.usda.gov

Note: It is recommended that U.S. exporters verify relevant import requirements with their foreign customers, who normally have the most updated information on local requirements, prior to export. Final import approval of any product is subject to the importing country's rules and regulations as interpreted by border officials at the time of product entry.

SECTION IV: Post Contact & Further Information

For additional assistance, please contact the U.S. ATO in Tokyo or Osaka at the following addresses:

ATO Tokyo

U.S. Embassy

1-10-5, Akasaka, Minato-ku, Tokyo 107-8420

Tel: 81-3-3224-5115 Fax: 81-3-3582-6429

E-mail address: atotokyo@fas.usda.gov

ATO Osaka

American Consulate General

2-11-5, Nishi Tenma, Kita-ku, Osaka City, Osaka 530-8543

Tel: 81-6-6315-5904 Fax: 81-6-6315-5906

E-mail address: atoosaka@fas.usda.gov

You can also find more information about the USDA offices in Japan by visiting our website at <http://www.usdajapan.org/> or following us on twitter at @USDAJapan.

SECTION V:

Appendix A. Food Manufacturing Company Profiles

Rank	Company (Main Products)	Sales (¥ Mil)	End User	Procurement Channels	Address	Phone # Website
1	Kirin Holdings	2,196,925	Retail/HRI	Importers, Direct	4-10-2 Nakano, Nakano-ku, Tokyo 164-0001	03-5541-5321 http://www.kirinholdings.co.jp/
2	Asahi Group	1,857,418	Retail/HRI	Importers, Direct	1-23-1 Azumabashi, Sumida-ku, Tokyo 130-8602	03-5608-51112 http://www.asahibeer.com/
3	Suntory Ltd.	1,381,007	Retail/HRI	Importers, Direct	2-1-40 Dojimahama, Kita-ku, Osaka City 530-8203	06-6346-1131 http://www.suntory.co.jp/
4	Nippon Meat Packers Inc.	1,212,802	Retail/HRI	Importers, Direct	3-6-14 Minami-Honmachi, Chuo-ku, Osaka City 541-0054	06-7525-3026 http://www.nipponham.co.jp/en/
5	Meiji Holdings	1,161,152	Retail/HRI	Importers, Direct	1-2-10 Shinsuna, Koto-ku,	03-3273-4001 http://www.meiji.com/global/

					Tokyo 136-8908	
6	Yamazaki Baking Co., Ltd.	1,027,199	Retail/HRI	Importers, Direct	3-10-1, Iwamotocho, Chiyodaku, Tokyo 101-8585	03-3864-3111 http://www.yamazakipan.co.jp/
7	Ajinomoto Co., Inc.	1,006,630	Retail/HRI	Importers, Direct	1-15-1 Kyobashi, Chuo-ku, Tokyo 104-8315	03-5250-8111 http://www.ajinomoto.com/
8	Morinaga Milk Industry Co., Ltd.	594,834	Retail/HRI	Importers, Direct	5-33-1 Shiba, Minato-ku, Tokyo 108-8384	03-3798-0111 http://www.morinagamilk.co.jp/
9	Kewpie Corporation	578,192	Retail/HRI	Importers, Direct	1-4-13 Shibuya Shibuyaku, Tokyo 150-0002	03-3486-3331 http://www.kewpie.co.jp/english/
10	Coca-Cola East Japan Co., Ltd.	563,162	Retail	Direct	6-1-20 Akasaka, Minato-ku, Tokyo 107-0052	045-222-5850 http://www.ccej.co.jp/en/
11	Mega-Milk Snow Brand Co., Ltd.	549,816	Retail/HRI	Importers, Direct	13 Honshiocho Shinjuku, Tokyo 160-8575	03-6887-3690 http://www.megsnow.com/english/
12	Nichiei Corporation	545,266	Retail/HRI	Importers, Direct	6-19-20 Tsukiji, Chuo-ku, Tokyo 104-8402	03-3248-2101 http://www.nichirei.co.jp/english/
13	Sapporo Holdings	533,748	Retail/HRI	Importers, Direct	4-20-1 Ebisu, Shibuyaku, Tokyo 150-8522	03-6859-2303 http://www.sapporoholding.co.jp/
14	Nissin Seifun	526,144	Retail/HRI	Importers, Direct	1-25 Kanda,	03-5282-6666 http://www.nisshin.com/en

	Group Inc.				Nishikicho, Chiyoda-ku, Toyko 101-0054	glish/
15	Ito Ham Foods Inc.	481,130	Retail/ HIR	Importers, Direct	4-27 Takahatacho, Nishinomiya, Hyogo, 633-8202	0798-66-1231 http://www.itoham.co.jp/

Source: *Ullet Food Industry Performance Rankings* (<http://www.ullet.com/search/group/4.html>)

Appendix B. Entrance Strategy

Before You Start:

1. Before considering exporting, please consider the following factors:
 - a. If your company has the production capacity to commit to the market.
 - b. If your company has the financial and non-financial (staff, time, etc.) resources to actively support your exported product(s).
 - c. If your company has the ability to tailor your product's packaging and ingredients to meet foreign import regulations, food safety standards, and cultural preferences.
 - d. If your company has the necessary knowledge to ship overseas such as being able to identify and select international freight forwarders, manage climate controls, and navigate export payment mechanisms, such as letters of credit.

2. Determine whether your product is permissible by Japanese food regulations. Strict Japanese regulations can prevent many agricultural products from entering Japan.
 - a. Read the Exporter Guide and the Food and Agricultural Export Regulations Report, published by our office and available at: <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx> and selecting "Japan" and "Exporter Assistance"
 - b. For plant or animal health information, contact your local APHIS office at: http://www.aphis.usda.gov/animal_health/area_offices/
 - c. If the product contains meat or meat products, please refer to the Food Safety Inspection Service Export Library: <http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/exporting-products>
 - d. Review Japanese food regulations to determine if your product(s) comply with or need to be altered to fit local laws regarding additives, residue levels, and processing procedures. Also understand regulations in terms of weight, size, and labeling. JETRO's Handbook for Agricultural and Fishery Products Import Regulations is a helpful tool: <http://www.jetro.go.jp/en/reports/regulations/pdf/agri2009e.pdf>

3. Perform Some Basic Market Research:

- a. Determine the specific area of the market your product is targeting:
<http://www.fas.usda.gov/topics/getting-started>
- b. Determine whether there is demand for your product by searching online websites, speaking with other companies with experience in Japan, visiting the market to conduct market tours, or even better yet, attending a trade show in Japan.
- c. Determine whether your product is price competitive against Japanese and other producers, keeping in mind transportation and modification costs. Determine the comparative advantage of your products. Potential customers need to be convinced of the merit of using your products. Some examples are price savings, higher quality, higher value or more convenient packaging. Packaging or labeling will often have to be changed for the Japanese market, as American packaging is usually too large.
- d. The ATOs in Tokyo and Osaka can assist with market research and developing marketing strategies.

You should also contact your regional trade group, which works closely with USDA to help food and agricultural companies advance their exporting goals:

Southern US Trade Association (SUSTA); (504) 568-5986; <http://www.susta.org/>
States AL, AR, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, TE, TX, VA, WV

Western US Agricultural Trade Association (WUSATA); (360)693-3373 x 314;
<https://www.wusata.org/>
States: AL, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WY

FOODEXPORT Northeast; (215) 829-9111; info@foodexport.org; <https://www.foodexport.org/>
States: DE, NY, VT, CT, MA, ME, RI, NH, NJ, PA

FOODEXPORT Midwest, (312) 334-9200; info@foodexport.org; <https://www.foodexport.org/>
States: IL, IN, KS, MN, MO, NE, IA, MI, ND, OH, SD, WI

4. Develop an Export Action Plan:

Once you have reviewed the general market research and regulatory information, begin the process of creating an export action plan. This will be instrumental in helping distributors and buyers see your vision. Keep in mind that many portions of this plan will change after personal interaction with the market or as more information is gathered.

This action plan should include:

- Your Story
- Objective
- Goals and benchmarks, short-term and long-term
- Product list
- Market target
- Product packaging and handling
- Product modifications, if applicable

- Financial resources to be committed
- Non-financial resources to be committed
- Additional financing
- Potential importers and buyers
- Schedule
- Marketing plan
- Evaluation
- Literature in Japanese

5. Get to Know the Market Personally:

Once you have determined that exporting your product to Japan is feasible and you have developed a basic strategy, either visit Japan to explore opportunities first-hand or find a representative to do so. When appointing agents, be sure your partner has a good reputation and track record in the market.

This face-to-face interaction is very important in business because in Japan personal relationships are very important. Additionally, keep in mind that it takes time to form these relationships.

Understand how the Japanese distribution system works and begin the process of figuring out where you are should enter.

Finding a Buyer:

1. Trade shows: There are a variety of trade shows, large and small, which are the best avenues for market research as well as for finding potential distributors. A list of USDA endorsed trade shows can be found at: <http://www.fas.usda.gov/topics/trade-shows>
 - a. The four main recommended trade shows in Japan for the food processing sector are:
 - FOODEX JAPAN <http://www3.jma.or.jp/foodex/en/>
 - Supermarket Trade Show <http://www.smts.jp/en/>
 - International Food Ingredients and Additives Exhibition (IFIA) Japan: <http://www.ifiajapan.com/en/>
 - Health Ingredients Japan <http://www.hijapan.info/eng/>
 - b. Contact one of the State Regional Groups listed in 3.d above, and ask if they have any upcoming activities involving your target market such as trade missions or showcases.
 - c. Try to meet with Japanese importers who distribute the types of agricultural products

that you wish to export to learn more about the market.

- d. Once you make contacts, visit potential customers to emphasize your interest and learn more about them, such as how they normally source products. Ask if/how products are normally reformulated and how packaging could be tailored to better fit the marketplace.

Documentation and Shipping:

1. After revising your export action plan and finding an importer/distributor, begin the process of setting up a payment structure and working on import documentation requirements. Information on this area can be found at: <http://www.fas.usda.gov/topics/regulations-and-requirements>. It is very important in Japanese business culture to respond thoroughly and promptly to all requests for information or documentation from your buyer.
2. When ready to ship, consider using a finding a freight forwarder that can handle many of the logistics of shipping for a fee. Refer to the website above for more information on this procedure.

Marketing:

When ready to market your product, use the ATO Tokyo or Osaka offices as resources for information on promotion and marketing. Buyers may expect your assistance promoting your product in the market.

For additional information, refer to the USDA Foreign Agricultural Service's export assistance website: <http://www.fas.usda.gov/topics/exporting>

Helpful Tips:

Points to remember when doing business in Japan:

- a. Be clear with importers about the conditions under which price adjustments may occur.
- b. Be aware that Japan is a very service-oriented culture and requires quick responses to both product complaints and requests for information.
- c. Doing business for the first time in Japan requires patience. Orders normally start small to determine whether the product will meet market requirements.
- d. Arranging a credit check can be a good way to avoid problems. The following companies will conduct credit checks in English:

Teikoku Databank America, Inc.

780 Third Avenue, 22nd Floor

New York, NY 10017 Tel: 212-421-9805 | Fax: 212-421-9806

Email: tda-support@teikoku.com

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