European Commission

The Food and Beverage Market Entry Handbook: JAPAN

A Practical Guide to the Market in Japan for European Agri-food Products



Promotion of agricultural products

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The Food and Beverage Market Entry Handbook

JAPAN

Written by Agra CEAS Consulting

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Note: the term EU in this handbook refers to the EU-27 excluding the UK, unless otherwise specified. For product trade stats, data is presented in order of exporter size for reasons of readability.

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1 The Food and Beverage Market Entry Handbook: Japan

This Handbook is intended to act as a reference for those agri-food producers planning for, or in the process of entering, the Japanese market. This Handbook provides **step-by-step guides** on entering the agri-food market in Japan including relevant information such as **analysis of the Japanese market** for different product categories, **market access** and **market entry procedures**, **IP protection**, **referrals to professional buyers** and a signposting and referral system providing useful contacts and ways to penetrate the Japanese market.

How to use this handbook

Depending on your stage of market entry, company profile, and product range, different sections within this handbook will be helpful to a different extent for your business strategies.

For those wishing to learn more about the Japanese food and beverage market in general, section 2 provides a general country overview; section 3 provides an overview of the agri-food market; and section 4 an overview on market entry. These latter two sections contain information on: the food and beverage market, market access procedures, customs procedures, SPS and labelling requirements, intellectual property protection, including the status of geographical indications. The information contained within these sections is of a general nature and so may not be relevant for those in the more advanced stages of market entry.

If you want to find out more information relevant for your product, then check out the **Market Snapshots for Selected Products** (section 5). This content illustrates the market situation, market access procedures, SPS requirements etc. specific for this product or product category. This information will provide more industry specific information to consider as part of any market entry or market expansion strategies.

If you already have decided that the Japanese market is where you want to be, but you need some support, then the **Support Services Directory** can point you in the right direction. Contact information for a service provider, business facilitation support organisation, or from a business contact, could help put you in touch with the right parties who can help you to build your brand in the Japanese market.

2 Country introduction and overview



Capital:	Tokyo
Population:	126 million
Area:	364 560 sq. km (140 757sq miles) – 62nd largest in the world
Political structure:	Parliamentary Constitutional Monarchy
	National Diet as bicameral legislature (House of Representatives, House of Councillors)
Major languages:	Japanese, 13 other languages
Major religions:	Shinto, Buddhism
Life expectancy:	84.91 years (Male 81.5 years, Female 87.7 years)
Currency:	Japanese yen (JPY); EUR 1 = JPY 138.81
GDP growth (real):	1.6% (2021)
Exports:	19% of GDP (2021)
Imports:	30% of GDP (2021)
Main exports*:	Transportation machinery (24%); Chemical, iron, non-ferrous metals and textile products (22.5%); General machinery excl. electronic (19.1%)
Main imports*:	Raw material and mineral fuels (29.4%); Chemical, iron, non-ferrous metals and textile products (18.9%); electronic machinery (15.3%)
Unemployment rate:	4.6% (February 2020) *(Before the outbreak of COVID-19)*
Labour force:	73.96 % (February 2020) *(Before the outbreak of COVID-19)*
Main industries:	**Agriculture:** 5 % of GDP
	Industry: 33 % of GDP
	Services: 62% of GDP
Average household income (2021):	EUR 40 000
Household expenditure on food and beverages (2021):	EUR 5 300
Food and beverage market size (2021):	EUR 460 billion

Sources: Euromonitor International: Economies and Consumers, 2021; IMF; UN, World Bank; WHO, OECD. * Goods only listed

2.1 Country overview: Japan at a glance

2.1.1 Past economic and political trends

- *The Meiji era (1868-1912) revolutionised Japan and was the start of the westernization of Japan as many political, economic, and social changes took place.*
- *After the post-war era of high growth; stability in 1980s; and low growth followed by false recovery signs in the 1990s/2000s, Japan's economy showed recession symptoms in 2008 and has been struggling since.*
- *A comprehensive strategy, aimed at mitigating the effects of sluggish economy by structural reforms, flexible fiscal policy and aggressive monetary policy, was introduced in 2012 (Abenomics).*
- *Abenomics brought more resilient growth, however consumer spending and wage growth have largely remained at low levels.*

The Edo period, which includes the years between 1603 and 1867, was the era in which the *Tokugawa shogunate* (a military government) ruled the country. These over 250 years were rather peaceful due to a strong political regime, fast urban development, and a thriving culture and arts of rare refinement.[1]

The political revolution of 1868 in Japan, which is known as the *Meiji* Restauration brought an end to the *Tokugawa shogunate*. It ended the Edo period and was the start of the *Meiji* era. The *Meiji* restoration gave power to one imperial ruler, who was Mutsuhito in the *Meiji* era. During this era (1868-1912), many political, economic, and social changes took place that shaped the modern Japanese society that exists today. It was also the start of the westernization of Japan, with changes motivated by the *Meiji* ruler's aim to create a Japan that can compete with western nations. Some of the changes included: the cancellation of the feudal class system; the introduction of obligatory education; and changes in ideals and roles, such as the position of women in society and the workplace.[2]

The *Taisho* period, which lasted from 1912 to 1926 was a short era of democracy before Japan went into militarism, nationalism and totalitarianism in the early *Showa* Era. In WW1 Japan sided against Germany. When the Emperor of the Showa era passed away in 1926, Japan entered a period that was marked by many wars. In 1940 Japan joined the Tripartite Pact with Nazi Germany and Fascist Italy and thus took part in WW2. Japan surrendered unconditionally in 1945 and then was occupied mainly by the US until 1952.[3]

The process of growth and change in the Japanese economy started roughly after the Korean War in the early 1950s, which had its roots in the historical presence of Japan in Korea and in

[1] The Edo period, https://www.japan-experience.com/plan-your-trip/to-know/japanese-history/edo-period

[2] Meiji Restoration, https://www.britannica.com/event/Meiji-Restoration

[3] Early Showa Period 1926-1945, https://www.japan-experience.com/plan-your-trip/to-know/japanese-history/taisho-period

which Japan had a role as a rear base for transit and supply of materials and soldiers.[4]

The rationalisation in Japan (*gorika),* which was based on investments in new technology and machinery and by extension leads to improving productivity became a national economic goal in the 1950s. Due to a variety of measures undertaken by the Japanese government, such as the foreign exchange budget, capital control of technology imports, preferential tax treatments, creation of the Japan Development Bank and more, the Japanese economy's average annual real growth from the mid-1950s to the early 1970s was roughly 10%.[5]

Two oil shocks in the 1970s brought a slowdown to the growth, while in the 1980s there was stable growth of 4% per year. The Japanese economy faced hard times again in the 1990s, when real growth remained very low, sometimes recording negative values. The late 1990s and early 2000s brought some signs of recovery, however, ultimately these failed to materialize in economic data in the end[6].

Despite being the world's third largest economy, Japan has been struggling since 2008, when first recession symptoms were noticeable. As well as low economic growth, Japan has been facing many challenges due to, inter alia, a dependence on exports, an ageing population and natural disasters. In 2012, in order to mitigate effects of Japan's sluggish economy, the then-prime minister – Shinzo Abe - introduced a comprehensive strategy, which was based on structural reforms, flexible fiscal stimulus and more aggressive monetary policy (*'three arrows"; Abenomics).* The goal of this policy package had four dimensions:[7]

1. Boost productivity
    - Supply System Innovation
    - Human Resources Development Revolution
2. Pursue regulatory reforms
3. Build on international opportunities
4. Improve business environment to drive inward FDI (foreign direct investment)

As a result of Abenomics, growth became more resilient as marked by seven consecutive quarters of growth for the first time in 16 years, with a rate of 0.5% in the fourth quarter of 2017.[8] Nonetheless, the result is seen by some policymakers to have fallen short of target.[9] In spite of the progress, Japanese consumer spending and wage growth remained at a low level, with household income and real wage decreases and rising levels of government debt. Low consumer spending has been further spurred by long periods of negative inflation over the last twenty years;

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[4] Causes of the Korean war, https://www.historycrunch.com/causes-of-the-korean-war.html#/

[5] The Japanese Economy during the Era of High Economic Growth – Retrospect and Evaluation; Akira Sadahiro; 1991 http://www.esri.go.jp/jp/archive/wor/wor004/wor004.pdf

[6] The Economic Development of Japan – The Path Travelled by Japan as a Developing Country; Kenichi Ohno; 2006

http://www.grips.ac.jp/forum/pdf06/EDJ.pdf

[7] https://www.japan.go.jp/abenomics/

[8] What five years of Abenomics has and has not achieved; The Economist; 2017 https://www.economist.com/finance-and-economics/2017/11/16/what-five-years-of-abenomics-has-and-has-not-achieved

[9] Abenomics, five years in; Bruegelabe; 2018 http://bruegel.org/2018/01/abenomics-five-years-in/

with failing prices creating incentives for consumers to put off spending money in the expectation of further future price falls; in turn impacting the Japanese economy.[10]

2.1.2 Current economic situation and mid-term outlook

- *Japan has faced consecutive low growth; however, government debt is on the rise and wage growth is sluggish.*
- *Japan is and has recently been dealing with many stressors such as the COVID-19 pandemic, global supply chain issues, uncertainties due to the war in Ukraine, and inflation.*
- *Japan's real GDP is forecast to grow until 2040, however, at a much lower rate than the average of the Asia Pacific region.*

Despite the progress achieved by Abenomics three arrow strategy and consecutive quarters of low growth, the Japanese economy has continued to face several challenges such as rising government debt and deflation, sluggish wage growth resulting, inter alia, from low labour mobility and decline in the working age population. To address the issue of slow growth of wages, former Prime Minister S. Abe has pushed for companies to raise pay by 3% in 2018, however, there is a lot of reluctance among corporations to do so, as they fear it would affect competitiveness and bring potential losses[11]. Prime Minister Fumio Kishida subsequently also asked companies that have recovered to pre-pandemic levels to increase their employees' pay by 3% in 2021. On the other hand, raised wages could positively affect private consumption in particular after the COVID-19 pandemic and in view of certain other economic stressors. The pace of wage growth seems to continue to constitute one of the main ongoing uncertainties for the economy.

With few exceptions, domestic and import transactions are subject to consumption tax in Japan. For many years, the rate of this tax was 5%; however, in 2014 it was raised to 8% and it was scheduled to be further raised to 10% the following year, effectively doubling the tax. The second raise to 10% however was ultimately delayed and finally took place in 2019. However, for certain products such as food (but not when purchased in a restaurant) the 8% rate does still apply.

Japan's monetary policy, largely based on quantitative and qualitative monetary easing (QQE), has significantly increased Japan's monetary base. The additional tools, introduced by the Bank of Japan prior to the pandemic included negative interest rates,[12] affected the yield curve and lower government bond yields, boosting residential investments. However, in view of some economists, there were potential costs for Japan involved when it comes to this unconventional monetary easing, such as asset price booms, central bank dominance of asset markets, impact of negative interest rates on the banking sector, pensions funds and life insurance companies.

Most recently, like all other nations, Japan is still dealing with the COVID-19 pandemic, global supply chain issues, uncertainties due to the war in Ukraine, and inflation – the latter being

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[10] How does deflation impact consumers? https://www.investopedia.com/ask/answers/040815/how-does-deflation-impact-consumers.asp

[11] Abenomics and the Japanese Economy; Council on Foreign Relations, J.McBride, B.Xu; 2018 https://www.cfr.org/backgrounder/abenomics-and-japanese-economy

[12] -0.1% on banks' excess reserves

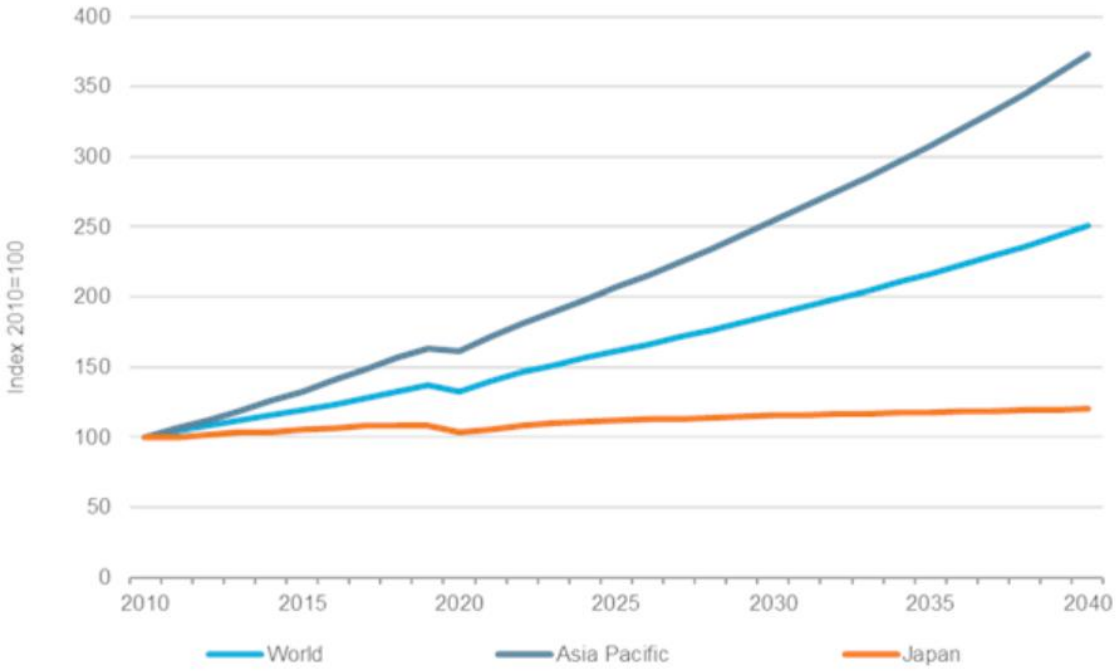
particularly novel for Japan after years of near zero or negative inflation.[13] Japan's economy, however, has been recovering from the COVID-19 pandemic since 2021 as vaccination levels are high and the overall infection numbers are lower than in many other countries, partly because of its strict containment measures. Even though the economy contracted by 4.5% in 2020, real GDP growth is shown to have grown by about 1.6% in 2021. Even though inflation has increased during 2021, it stayed below the country's 2% inflation target. GDP growth is currently forecast to be around 2.4% in 2022. Consumption is fuelling the recovery and while pandemic-related uncertainties ease up, investment is expected to rebound. However, the recovery of domestic as well as external demand might be slowed because of higher commodity prices and uncertainties due to the war in Ukraine and related geopolitical tensions. As one result, the inflation rate is forecast to increase in 2022, driven by increased prices of imports and higher domestic demand.[14]

As can be seen in Figure 2-1, real GDP growth has been growing quite a lot since 2010, with a slight negative dip of nearly 5% in 2020 due to the start of the COVID-19 pandemic. In 2021 real GDP grew again by close to 2%. This growth, however, is below that of the average rate in the Asia Pacific region which was at over 6% in 2021. In 2021, Japan's economic growth was accelerated due to strong policy support, exports and the country's recovering industrial production. In 2022 the economy is forecast to further grow. Looking forward, Japan's economy is forecast to further grow at a CAGR below 1%, which is over 4 times lower than the average in the Asia Pacific region.

[13] Japan economic outlook, July 2022, https://www2.deloitte.com/us/en/insights/economy/asia-pacific/japan-economic-outlook.html

[14] IMF Executive Board Concludes 2022 Article IV Consultation with Japan, https://www.imf.org/en/News/Articles/2022/04/06/pr22106-imf-executive-board-concludes-2022-article-iv-consultation-with-japan#:~:text=Japan%20had%20much%20lower%20rates,by%201.6%20percent%20in%202021.

Figure 2-1: Real GDP growth in Japan: 2010-2040 (projected)



Source: Euromonitor International: Economies Economy, Finance and Trade: Japan (2022)

2.1.3 Population trends

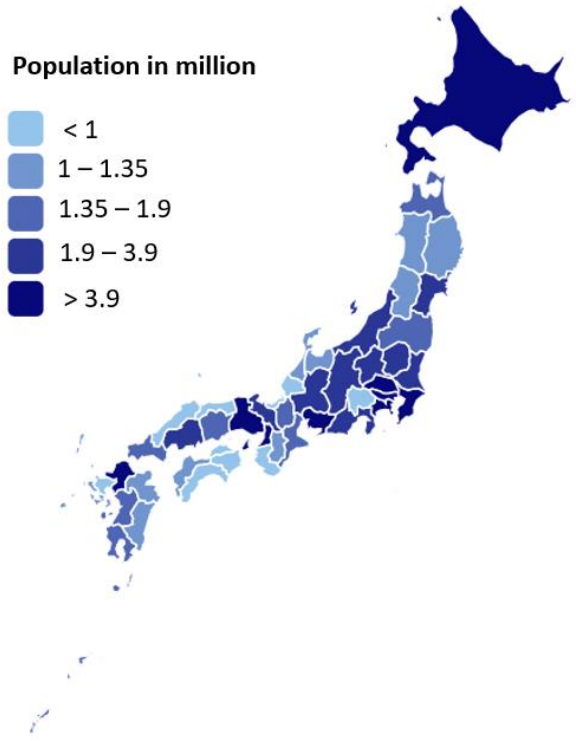
- *Population has been in decline since 2009; ongoing steady ageing of Japanese society.*
- *The country's fertility rate hit a record low in 2021, with 1.37 births per woman.*
- *Life expectancy is high and increasing to around 84.1 years in 2022. Women statistically live longer than men.*

The population of Japan makes up about 1.6% of the total world population. The Japanese population has been falling since approx. 2009. As of 2022, there are 126 million people in the country, almost 1 million less in comparison to 2000.

The country is quite densely populated – the 11th most densely populated in the world. As depicted in Figure 2-2 regions with the highest population densities are mainly situated on the coast, with around 1/3rd of the population living in and around Tokyo on the central Kanto Plain.[15]

[15] Japan Demographic Profile, https://www.indexmundi.com/japan/demographics_profile.html

Figure 2-2 Prefectures of Japan by population



Source: Agra CEAS based on various.

The country's median age in 2022 is 48.4 years.[16] The 25-54 age group is the biggest and makes up close to 37% of the population, followed by the over 65s which constitute around 29% of the total population. The 55-64 years age group accounts for just over 12% of the population, the 0-14 years olds for 12.5%, and the 15-24 years olds for close to 9.5%.[17] As a large proportion of the population is rather old, there is a labour shortage in Japan, due to the declining number of people of working age.[18]

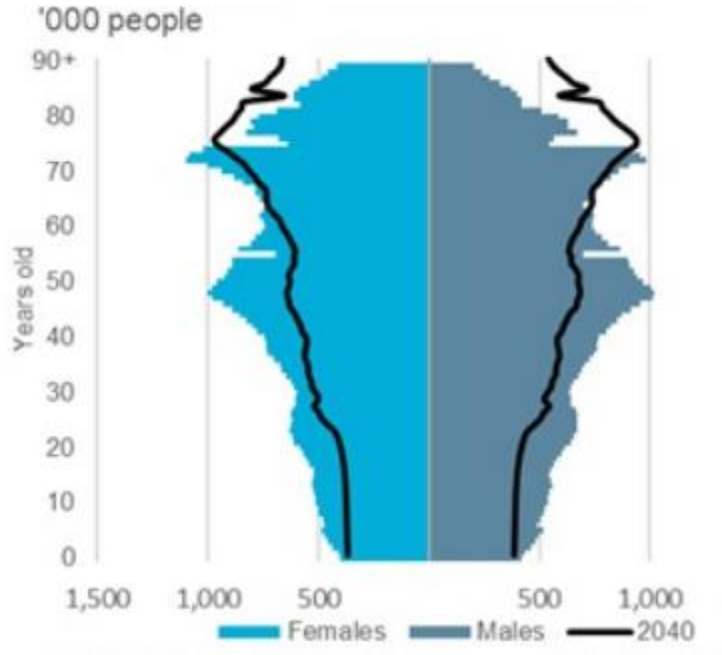
Japan has one of the highest old-age dependency ratios which was at about 49% in 2021 and is forecast to reach nearly 66% in 2040. The expected difference can clearly be seen in Figure 2-3.

[16]Japan Population, https://www.worldometers.info/world-population/japan-population/#:~:text=The%20median%20age%20in%20Japan%20is%2048.4%20years.

[17]Japan Demographics Profile, https://www.indexmundi.com/japan/demographics_profile.html

[18] Japan records its largest natural population decline as births fall, https://www.washingtonpost.com/world/2022/06/03/japan-low-births-population-decline-2021/

Figure 2-3: Age pyramid in 2021 and 2040 in Japan



Source: Euromonitor International from national statistics/UN, 2021

Note: Data for 2040 is forecast

The fertility rate in 2021 was around 1.37 births per woman and declined for the sixth year in a row. 2021 marked the year with the lowest number of births in over a century. Japan recorded over 811 000 births and over 1.44 million deaths in 2021, which means that the population declined by close to 630 000 people. This marks the highest natural decline of the population since data was documented.

The overall life expectancy in Japan is high at around 84.1 years in 2022, which is a small increase from 2021. Women tend to live longer than men and have a life expectancy of 87.7 years, whereas it is 81.6 for men.[19]

The population is made up primarily of ethnically Japanese with close to 98%. However, part of the population is Chinese, Korean, Vietnamese, Filipino and Brazilian.[20]

[19]Japan's average longevity hits record high of 87.74 years for women, 81.64 for men, https://mainichi.jp/english/articles/20210802/p2a/00m/0na/003000c

[20]Japan Demographics Profile, https://www.indexmundi.com/japan/demographics_profile.html

2.2 Geography and key markets

Japan is officially divided into eight regions[21], which can be further sub-divided into 47 prefectures. These enjoy considerable levels of autonomy in the area of administration and budgetary matters and are represented by a prefectures Governor, elected every four years. The prefectures are numbered depending on their location from north to south.

Natural disasters in Japan

Japan is often hit by natural disasters, such as earthquakes, volcanic eruptions, tsunamis and typhoons. In effect, these may lead to serious supply chain disruption and decline in output, depending on the scale of the cataclysm. An estimated 1 500 earthquakes hit Japan every year, albeit of varying magnitudes. Even though earthquakes happen all over the country, the most affected areas are Sanriku as well as prefectures along the Sea of the Japanese coast such as Fukui, Ishikawa, and Niigata.

The worst natural disaster in Japan happened in 2011. The Tohoku Earthquake and Tsunami had a magnitude of 9.0. Over 15 000 people died and more than 450 000 people became homeless because of the tsunami. The economic costs were estimated at USD 235bn. However, this catastrophe also destroyed businesses, roads, railways, and the tsunami caused the failure of three nuclear reactors in Fukushima. Due to this Fukushima nuclear disaster, toxic radioactive materials have been released to the environment. The agricultural sector was hit hard after the disaster because food from the affected area was not demanded due to fears of contamination.

2.2.1 Overview of urban markets

Japanese regions are internally diverse, as particular types of industry might cluster around certain prefectures; and given each region consists of a number of prefectures a wide range of industries might therefore be present in a specific region. Figure 2-4 depicts Japan by prefecture.

[21] However, for the purposes of this handbook, the eighth region – Kyushu incl. Okinawa has been divided to fully outline the regions' features in relation to business environment.

Figure 2-4: Regions of Japan



Source: Agra CEAS

Japanese prefectures differ in terms of the number of inhabitants. The largest prefecture with the capital city – Tokyo Metropolis, is inhabited by 14 million people and it is the only one exceeding 10 million. That said, there are several largely populated prefectures around the capital, such as Kanagawa, Chiba and Saitama. In Japan, there are only ten prefectures out of 47 with populations lower than 1 million (Table 2-1).

92% of Japan's population occupies urban areas, whereas only 10 million people live in the rural parts of Japan. Since 2000 there has been a gradual drop in the rate of the rural population, which decreased by 15 percentage points from 21% in 2000 to around 8% in 2021.[22]

Table 2-1: Japan's regions and prefectures

Region	Prefecture	Capital city
Hokkaido	Hokkaido	Sapporo
Tohoku	Aomori	Aomori
	Iwate	Morioka

[22] World bank 2017

Region	Prefecture	Capital city
	Miyagi	Sendai
	Akita	Akita
	Yamagata	Yamagata
	Fukushima	Fukushima-shi
Kanto	Ibaraki	Mito
	Tochigi	Utsunomiya City
	Gunma	Maebashi
	Saitama	Urawa
	Chiba	Chiba City
	Tokyo Metropolis	Tokyo
	Kanagawa	Yokohama
Chubu	Niigata	Niigata
	Toyama	Toyama
	Ishikawa	Kanazawa
	Fukui	Fukui City
	Yamanashi	Kōfu
	Nagano	Nagano
	Gifu	Gifu
	Shizuoka	Shizuoka
	Aichi	Nagoya
Kansai	Mie	Tsu
	Shiga	Otsu
	Kyoto	Kyoto City
	Osaka	Osaka City
	Hyogo	Kobe
	Nara	Nara
	Wakayama	Wakayama City
Chugoku	Tottori	Tottori
	Shimane	Matsue
	Okayama	Okayama City
	Hiroshima	Hiroshima City
	Yamaguchi	Yamaguchi City
Shikoku	Tokushima	Tokushima
	Kagawa	Takamatsu
	Ehime	Matsuyama
	Kochi	Kochi
Kyushu including Okinawa	Fukuoka	Fukuoka City
	Saga	Saga-shi
	Nagasaki	Nagasaki
	Kumamoto	Kumamoto
	Oita	Oita City
	Miyazaki	Miyazaki City
	Kagoshima	Kagoshima
	Okinawa	Naha

Source: Agra CEAS based on various

2.2.2 Snapshots of important markets

Japan, due to its urbanization level, has significant urban markets located throughout the country. The largest cities that are the main economic centres of Japan and considered the key focus markets for EU exporters, as depicted in Figure 2-5, are:

- Tokyo
- Yokohama
- Osaka
- Nagoya
- Sapporo

Details on key markets in Japan are presented below in this chapter.

Figure 2-5: Location of focus markets



Source: Agra CEAS

In addition to the markets presented below, Fukuoka on the island of Kyushu may be considered an additional market of interest; while the city itself is smaller, the island itself has a sizeable population of around 13 million.

Tokyo and Yokohama

These two cities are often considered to be one market. Combined with the surrounding metro area, they form a huge market of 38m people and the most populous metropolitan area in the world. Further details on these two individual cities are presented below.

Tokyo



Key facts:

***Total GDP (2020)**:* *EUR 992 billion*

***Population (2021)**:* *14 million*

Tokyo started as a small fishing village named Edo, which became an important political centre in the 16th century. Today Tokyo is one of the biggest cities in the world.

Tokyo as the national capital is the country's economic, political and cultural centre. Based on GDP Tokyo is the richest city in the world. There are almost 700 000 business establishments in the city, operating in a variety of industries. Tokyo, as the most populous metropolitan area in the world, is also the residence of about 75% of all foreign companies in Japan. The city has various incentives to attract foreign investors through tax systems, including Special Zones (Asia Headquarters Special Zone, National Strategic Special Zone), which aim to boost the international competitiveness of the industry. In Tokyo's business environment map, there are many small and medium-sized enterprises, which are significant contributors to Tokyo's growth.

Most economic activities in the city relate to the service sector, which covers almost 80% of the city's employment. Additionally, the nearby Kehin industrial area, located outside Tokyo has become Japan's industry centre, concentrating a variety of heavy industries. Tokyo is the thriving centre of the country's Research and Innovation institutions with its "Tama" support centre,

focused on developing new R&D ideas. The city has also agriculture and natural resources qualities, with its farmlands located in Western Tokyo.

About 60% of the inhabitants of Tokyo are aged between 15 and 64 years old. The number of people aged above 65 years in Tokyo is lower than the Japanese average.

The average consumer disposable expenditure in Tokyo is much higher (14%) than elsewhere in the country, with income rather equally divided in Tokyo's households, which may indicate the existence of a strong middle class.

Prior to the COVID-19 pandemic, about 10.5 million tourists visited the city per year. One reason is Tokyo's food scene, which is supposedly one of the best in Japan. Tokyo is known for its famous Tsukiji fish market, but also for its Kitchen Town, which is a street in the centre of the city where all shops sell items for kitchens and restaurants. Tokyo has the largest number of Michelin Star restaurants in the world (203 restaurants in 2022). However, it is also known for its authentic Green Tea Ceremonies, its conveyer belt sushi, and its traditional Ramen bars.

Examples of traditional dishes from Tokyo include: *Taiyak*, which is a fish-shaped cake; *Kaminari-okoshi*, which is a sweet treat; and even the *Kamikaze cocktail*, which originated in Tokyo and was likely invented in the city after the Second World War.

Yokohama



Key facts:

***Total GDP (2019)**:* *EUR 143 billion*

***Population (2021)**:* *3.8 million*

Yokohama is the second-largest city by population in Japan and an important port city. It is the capital of the Kanagawa ken prefecture. Together with Tokyo, it is part of the biggest urban

agglomeration in the country. Yokohama is located on the Western Coast of Tokyo Bay, which is about 30 km southwest of Tokyo. The city is located on a coastal plain but is surrounded by hills.

Since the city's port opened in 1859, it has been a gateway to the outside world, which is why many novelties reached Japan via Yokohama throughout the years. Due to this, Yokohama is also called the cradle of Japan's modernisation.

Yokohama is considered to have a very convenient transport network due to one of the busiest international trade ports located in the area and easy access to one of the largest airports in Japan – Haneda Airport. These conditions bring a wide range of shipment possibilities, hence making the city a transportation hub today. The majority of shipments are accounted for by transport machinery, petroleum and coal and chemicals. Additionally, in Yokohama, there are several types of industry, with a majority of manufacturing and R&D institutions, such as Yokohama Bio Business Network, focused on collaboration activities in the biotechnology sector.

Food plays an important role in the city. For example, Yokohama is known to have one of the largest Chinatowns in the world, which is a symbol of the city's international food culture. Due to the port that opened the city to many other areas of the world, Japanese western food (*yoshoku*) is common as well. Many western inspired dishes originated in the city such as *Gyunabe*, which is a beef dish, or Napolitan which is a pasta dish. Sanma-men is a local Japanese traditional Ramen dish. Some might even argue that Ramen noodles have their origins in the city.

Sources: Statistical Handbook of Japan 2022, https://www.stat.go.jp/english/data/handbook/c0117.html; JETRO 2022; Tourism in Japan, https://www.worlddata.info/asia/japan/tourism.php; The Tokyo Food Scene: Where to Go and What to Eat, https://www.onetravel.com/going-places/tokyo-food-scene-where-to-go-what-to-eat/; Cities With the Most Michelin-Starred Restaurants, https://www.farandwide.com/s/cities-michelin-stars-397433fb73604a91; 10 Local Foods / Drinks you have to try in Tokyo, https://www.tasteatlas.com/local-food-in-tokyo; 10 Best Local Dishes from Yokohama, https://de.hotels.com/go/japan/jp-best-yokohama-local- https://worldpopulationreview.com/world-cities/yokohama-population Population 2022, food#:~:text=The%20local%20cuisine%20of%20the,pork%20ramen%20(iekei%20ramen).; Yokohama, https://www.britannica.com/place/Yokohama, If Tokyo were a country, https://resources.realestate.co.jp/living/if-tokyo-were-a-country-comparing-the-gdp-of-japans-47-prefectures-to-international-gdps/

Osaka



Key facts:

Total GDP (2021): *EUR 184 billion*

Population (2021): *2.7 million*

Osaka is the third biggest city in Japan by population and the capital city of the Osaka Prefecture. Geographically it is situated in the centre of Japan, on the main island of Honshu. Osaka is geographically close to the cities of Kyoto and Kobe; and together the three cities form a large metropolitan area – and hence market - of over 19m people which is commonly known as Keihanshin.

Osaka is a business hub and financial centre and has been the centre of Japan's cultural and economic development for centuries. As there are many historical relics in the city, it is a display of the country's history. It is becoming a major destination for tourism. Prior to the pandemic close to 9 million people visited Osaka each year.

Osaka is a major hub for distribution, trade and industry in Japan, with a 25% share of the total wholesale and retailing industry in Japan. The bay area brought many companies operating in environmental and new-energy industries. Northern Osaka, on the other hand, is a focal point of the biotechnology and pharmaceutical industries. Like Tokyo, Osaka has also developed a variety of tools for attracting foreign companies, such as the Osaka Business and Investment Centre and Osaka Investment Promotion Centre, which in effect brought around 460 foreign-affiliated companies to the city between 2001 and 2015.

Economic activity in Osaka is highly concentrated around services with the sector representing over 60% of the city's GDP. Osaka has a high share in the information communication industry that is on par with Tokyo. Additionally, manufacturing accounts for approximately 17% of economic activity. Manufacturing companies in the city are specialized in electronics, general

machinery and chemicals. The iron and steel manufacturing industry also is important. Construction accounts for 5% of economic activity.

The division of population by age in Osaka is similar to that in the rest of Japan. In terms of household income, the distribution in Osaka is relatively equal.

Osaka is a great city for foodies and locals are proud of their traditional cuisine. A Japanese expression that is commonly used in and associated with Osaka is the following: "*Osaka no kuidaore*", which means in Osaka you eat till you drop. Osaka is known for its street food scene that includes dishes such as *okonomiyaki*, which is a savoury pancake; *takoyaki*, which is an octopus wrapped in rice flour balls; and *kushikatsu*, which is fried meat on a stick. One of the city's main attractions for foodies is the Kuromon Ichiba Market. Moreover, there are over 5.5 million vending machines in Osaka, many of which sell food items. Besides street food and vending machines, Osaka offers a variety of different other food places up to top-class dining experiences. It is the city with the 4th most Michelin restaurants in the world. As of 2022, there are 96 Michelin star restaurants in Osaka.

Sources: Statistical Handbook of Japan (2022), https://www.stat.go.jp/english/data/handbook/c0117.html; JETRO 2022; Population, https://populationstat.com/japan/osaka; About Osaka, https://osaka-info.jp/en/osaka/; Explore the thriving food scene in Osaka, Japan's most underrated city, https://blog.urbanadventures.com/thriving-food-scene-osaka/; 6 Local Foods you have to try in Osaka, https://www.tasteatlas.com/local-food-in-osaka; Concentration of Diverse Industries and a Huge Market, https://o-bic.net/e/attractive/

Nagoya



Key facts:

Total GDP (2019):	*EUR 363 billion*
Population (2020):	*2.3 million*
Real GDP Growth (2020):	*-1.4%*

Nagoya is the biggest city in the Chūbu region and the fourth most populated city in Japan. It also is the principal city of the Chūkyō metropolitan area which is the third-largest urban area in Japan with over 10.1 million inhabitants in 2020. The city of Nagoya is situated on the coast of the Pacific Ocean in central Honshu and has one of the major ports in Japan. It also is the capital city of the Aichi Prefecture.

The city has a long and rich history. For example, the 1 900 years old Great Shrine of Atsuta is in Nagoya, as well as the Kusanagi Sword, which is one of Japan's three sacred treasures.

The Nagoya area, often referred to as one of the three major economic areas in Japan, is highly concentrated with three major industries present: automobile (e.g. Toyota Motor Corporation), aircraft (Nagoya Flight Research Centre making it one of the world's top hubs for the aerospace industry) and machinery. The city does not only rely on the manufacturing industry but also has significant commerce and service businesses.

The only slight difference in demographics compared to the rest of Japan concerns the percentage of people aged above 65 years old, which in Japan (excl. Nagoya) is slightly higher than in Nagoya.

Growing incomes in Nagoya positively impacted consumer expenditure. Inhabitants spent roughly 36% on necessities, i.e. food and housing.

Nagoya offers a wide variety of local dishes and a unique food culture. Japanese refer to the city as *Nagoya Meshi*, which means Nagoya food. Local food is mainly based on dark-brown miso paste, which is made with bean malts, such as dark miso. Some local dishes include: *miso katsu*, which is a pork cutlet with soybean paste sauce; *hitsumabushi*, which is grilled eel with a soy

sauce-based glaze served on top of rice; or *miso nikomi udon*, which is a don noodles dish that is simmered in rich soup.

Sources: Statistical Handbook of Japan (2012); JETRO 2022; About Nagoya, https://www.nagoya-info.jp/en/nagoya/; 10 Best Local Dishes from Nagoya, https://de.hotels.com/go/japan/jp-best-nagoya-local-food; It's Going to Get Meshi! Nagoya's Local Food, https://www.nagoyaisnotboring.com/food-in-nagoya-meshi/

Sapporo



Key facts:

Total GDP (2019): *EUR 332 billion*

Population (2022): *2.6 million*

Sapporo is the biggest city on Hokkaido, which is the most northern located island of Japan and the fifth-largest city by population in Japan. It is situated southwest of Hokkaido next to the Toyohira River. Sapporo is the capital of the Hokkaido Prefecture and is seen as its cultural, political, and economic centre.

Sapporo is known to be surrounded by beautiful nature, which makes it an attractive tourist destination all year round. Snow covers the area for about 130 days per year and summers are refreshing due to low humidity. The fact that the city knows fewer natural disasters such as earthquakes, typhoons and tsunamis. Such a feature has served as an important incentive to locate companies in the area along with rich natural resources available. The tertiary sector dominates the city's industry. nowadays there are a variety of industries concentrated in Sapporo, such as IT companies, retail and tourism. Some of the world's top companies (such as Amazon Japan and IBM Global Services Japan) have offices there. Sapporo is the manufacturing centre of Hokkaido and produces goods including food and drinks, metal products, steel and machinery.

Hokkaido is advertised as the kingdom of food, which is why it attracts many foodies. In recent years, its local cuisine has even been trending on social media platforms. Sapporo's local dishes include many locally grown and sourced products such as seafood, meats, vegetables and dairy products. The city is in particular popular for its fresh and large crabs. As every region in Japan offers its own unique ramen dish, so does Sapporo. The city's Sapporo Miso Ramen is a local staple. Another popular local staple is Genghis Khan, which is grilled mutton meat that is dipped in sauce after being grilled.

Sources: Statistical Handbook of Japan (2012); JETRO 2022; Brief Introduction to Sapporo, https://www.sapporo.travel/en/info/about/basicinfo/; Japan's North Is A Foodie Paradise - But What Hokkaido Food Shocked Japan Travelers the Most?, https://livejapan.com/en/in-hokkaido/in-pref-hokkaido/in-sapporo_chitose/article-a1000202/; What to Eat in Sapporo: The Kingdom of Food, https://www.byfood.com/blog/sapporo/what-to-eat-in-sapporo

2.2.3 Political system in Japan

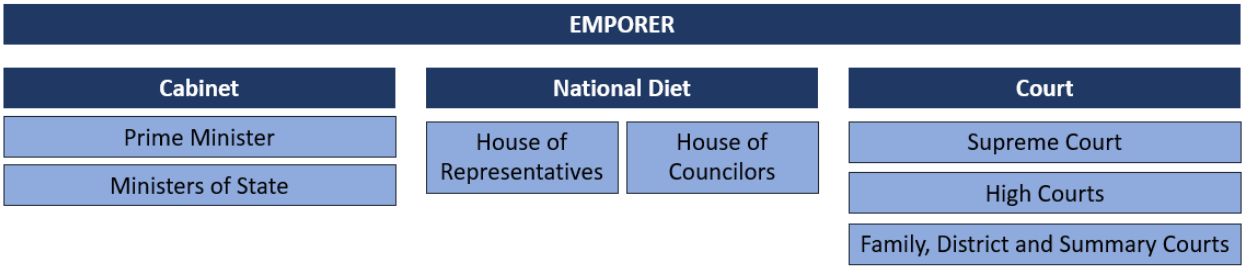
Japan is a constitutional monarchy with a parliamentary system of government which is founded on the separation of power.

The emperor does not have much political power but rather performs ceremonial duties as a symbol of the state. However, the emperor still has diplomatic power. Japan's current emperor Naruhito started his rule in 2019 after his father resigned from the position. He is the 126th emperor of the country. The Cabinet has executive power in Japan and is made up of the prime minister and the ministers of state. The prime minister, who is chosen by the Diet assigns the ministers of state. Most of the ministers of state are chosen from among the members of the Diet.

The national Diet has legislative power in Japan. It is made up of the House of Representatives, which is the Lower House, and the House of Councillors, which is the Upper House. Even though both chambers share the powers, the House of Representatives is empowered to take the final decision regarding the budget and the approval of international treaties. It moreover can turn draft legislation which has been rejected by the Upper House into law if it reaches a two-thirds majority. The Cabinet has the power to dissolve the House of Representatives. The House of Councillors on the other hand cannot be dissolved by anyone.

The courts have judicial power in Japan. The Japanese Constitution sets out the separation of powers and the independence of judges. The highest court in the country is the Supreme Court. Besides the Supreme Court, there are eight High Courts as well as District Courts, Family Courts and Summary Courts.[23]

Figure 2-6: Overview of the political structure in Japan



Source: Agra CEAS based on various

2.3 Domestic agricultural production and regions

In total, only around 20% of land (or about 7.6 million ha) in Japan is suitable for agricultural production but the land is intensely cultivated in many areas to maximise output. Of those 20% of land suitable for agriculture, Japan uses about 4.4 million ha as agricultural land; to put this in context, this is fairly similar to the amount of agricultural land in Hungary, though Japan's population is around 12 times greater. Over a million commercial farmers cultivate the land. Due

[23] Japan's Parliament and other political institutions, https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)651951

to the high number of farmers, the size of commercial farms in Japan is rather small. In the Hokkaido prefecture farms have a size of approximately 26 ha; and are even smaller, at around 1.8 ha in other prefectures of Japan.[24] Even though most of the smaller scale farmers are ageing and only working part-time on their farms, about 35 000 large scale farmers make up for over half of the country's total production and are known to have a decent income.[25]

High input costs and small farm sizes hamper the development of the agricultural sector, which are some reasons why it is highly subsidised. The country's government is determined to increase Japan's self-sufficiency from 37% to 45% by 2030. To be able to achieve this goal, a lot of different Smart Agriculture tools will be used including modern equipment such as drones, AI and robots.

Major crops grown in Japan are **rice**, **sugar beet**, **sugar cane**, certain **vegetables**, and **fruits**.

Rice is by far the most prominent crop cultivated on the best agricultural land in the country. It is a staple food and is usually planted in May so it can be harvested in September. The crop is cultivated on level fields as well as on slopes called *Tanada*s. These are terraced paddy fields and can mainly be found in the Tokai region. In 2021 Japan produced close to 7 million tons of rice, however, the overall acreage of land used for rice production declined by about 65 000 hectares in 2021 compared to 2020.[26] Japan is very close to being self-sufficient regarding its rice production.

Sugar beet and **sugar cane** production is comparatively high. In 2020, about 3.9 million tonnes of sugar beet with a yield of 690 000hg per ha and around 1.2 million tonnes of sugar cane have been produced.[27] The produce is used to make either sugar or ethanol.[28] Japan's self-sufficiency ratio of sugar is relatively low, which means that the country has to import sugar to meet its domestic sugar demand.

As the climate differs within the country, **vegetables** can be cultivated throughout the whole year. The climate in the south of Japan is semi-tropical with lots of rainfall, hot summers, and mild winters, whereas the northern areas are more temperate. Winters can be harsher on the northern island of Hokkaido. Vegetables that can be grown in Japanese winter are for example potatoes, sweet potatoes, cabbage, taro, carrots, turnips and radishes. The commonly produced vegetables by volume include: potato, cabbage, onion, carrot, chicory, and cucumber, but also some eggplant, spinach, pumpkin, cauliflower and broccoli. Japan does not produce enough vegetables to meet domestic demand.

When it comes to **fruit** Japan produces fruit varieties that are also commonly cultivated in other parts of the world. In 2018, the country produced 208 000 tonnes of persimmon, which made it the 4th biggest persimmon producer in the world. Japan furthermore produces tangerines, apples,

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[24] Structure, land use and profitability of farming in Japan (Sept 2020), https://www.agroberichtenbuitenland.nl/landeninformatie/japan/achtergrond/marktstudies/large-agricultural-corporations#:~:text=Japan%20has%20a%20total%20cultivated,1%2C1%20million%20commercial%20farms.

[25] Structure, land use and profitability of farming in Japan, https://www.agroberichtenbuitenland.nl/landeninformatie/japan/achtergrond/marktstudies/large-agricultural-corporations#:~:text=Japan%20has%20a%20total%20cultivated,1%2C1%20million%20commercial%20farms.

[26] Rice Paddies in Japan to Decrease by 65,000 Hectares in 2021, https://www.nippon.com/en/news/yjj2021072900553/

[27] Sugar cane production in Japan 2021, https://knoema.com/data/sugar-cane+japan+agriculture-indicators-production

[28] Japan - Sugar beet production quantity 2020, https://knoema.com/atlas/Japan/topics/Agriculture/Crops-Production-Quantity-tonnes/Sugar-beet-production

watermelons, pears, grapes, strawberries, melons, peaches, and apricots.[29] Japan's fruit production is too low to meet domestic demand, which is why the country has to rely on imports.

Cereals such as wheat and barley, and **soy** are cultivated as well. **Livestock** production is prominent, but a smaller activity, which means producers struggle to meet the growing demand for meat products.

Tea production has a long history in Japan. Some of the highest quality tea is produced in the country. The most prominent tea growing areas in Japan are Shizuoka, Kagoshima and Mie. In 2020, about 70 000 tonnes of tea has been produced. Domestic production covers the majority of tea demand in Japan; however, some green tea is imported from abroad.[30]

[29]Japan Agricultural Situation, https://ipad.fas.usda.gov/highlights/2012/08/Japantrip/

[30]Green tea production in Japan, https://www.itoen-global.com/allabout_greentea/production.html#:~:text=The%20three%20largest%20producing%20regions,geographic%20conditions%20to%20be%20viable.

3 Introduction to the food and beverage market and consumers

3.1 Overview of the food and beverage market and demand for imported products

3.1.1 F&B market summary

Japan's food and beverage market situation is closely linked to the condition of the agricultural sector, which is relatively small and suffers from sluggish development, high input costs as well as the small size of farmlands. As a result, Japan tries to mitigate the weak agricultural sector and to ensure the stability of its food supply by importing food and subsidizing domestic production as well as revitalising rural areas and promoting urban agriculture.

In particular, many of the country's domestic agricultural policies are focused on traditional rice production.[31] Japan manages to export products such as: food preparations, pastry, sauces and rice fermented beverages; albeit in relatively small quantities when considered on a global scale.

Different regions have a different significance from a food & beverage manufacturing point of view:

- Hokkaido: Is known for its natural environment, which is why the area has a very high agricultural production.
- Tohoku: Is known for the production of electrical machinery and its food industry.
- Kanto: This is the area known to launch new businesses and industries. As Tokyo is part of it the region is also seen as Japan's engine.
- Chubu: Accounts for 20% of Japan's shipments of manufactured goods and is driving the country's economy because of its importance in manufacturing including food manufacturing.
- Kansai: Important for the food and beverage sector as the region includes the three large cities of Kyoto, Osaka and Kobe, and thus has the second biggest economy in Japan and a population of over 20 million.
- Chugoku: Is known for research and business development in various fields.
- Shikoku: Is known for its agricultural industries responsible for the region's GDP which is higher than the Japanese average.
- Kyushu and Okinawa: Are known to be strategic regions because they are connected to Korea, China and East Asia in general. They are gateways to the west as well.[32]

[31] Analysis of Japanese International Agricultural Trade Practices; K.Vourazeris; 2017; http://trace.tennessee.edu/cgi/viewcontent.cgi?article=3170&context=utk_chanhonoproj

[32] Regions & Prefectures (2022), https://www.eubusinessinjapan.eu/about-japan/regions-prefectures

3.1.2 International trade in F&B

The food and beverage market in Japan is significantly import based as the country is not able to fully cover demand for agricultural products with domestic production. That said domestic food producers also try to keep their market share by offering traditional products and attracting consumers. The United States is the largest supplier of food and agricultural products to Japan, followed by the European Union, China, Australia, and Thailand.[33]

Japan exported to the world a total value of EUR 7.4 billion of food, agriculture, forestry and fisheries products in 2021, which was the highest amount so far. The main drivers of growth were the increasing demand for beef in the US as well as Sake in China. Japan's main agricultural food and drink exports (excl. fishery products) are beef, whisky, sauces and mixed seasonings, soft drinks, and sake. The Japanese government aims to double their agri-food exports by value by 2025 and increase them by five times by 2030.[34]

Out of Japan's total exported value for food, agriculture, forestry and fisheries products in 2021, the EU accounts for just a fraction of EUR 445 million in 2021, however, Japan's exports increased by 40% compared to 2017.

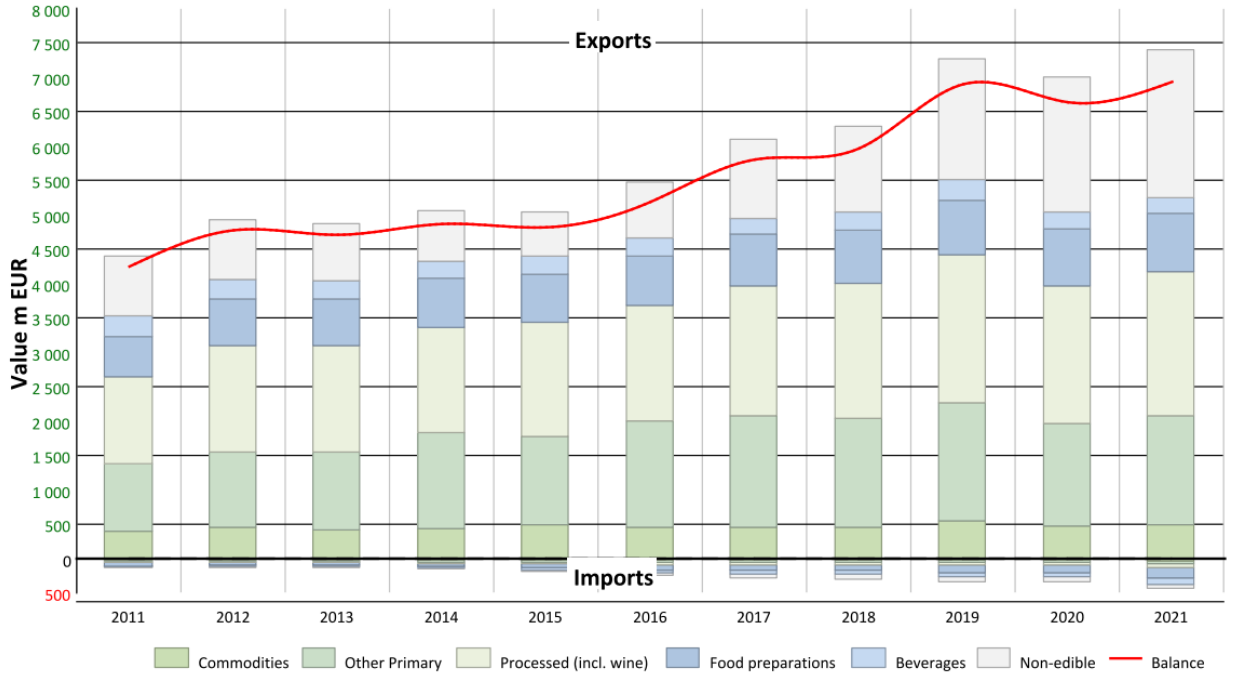
Japan has been a long-term EU agri-food trade partner, constantly increasing its agri-food imports from European countries. Between 2011 and 2015 imports remained more or less stable. Imports picked up in 2016 until 2019 and have been rather stable between 2019 and 2021 (Figure 3-1). The slight decline in imports from the EU in 2020 is likely related to the impact of COVID measures in Japan which has a significant effect on the restaurant sector.

In 2021, the EU exported close to EUR 6.1 billion agri-food products to Japan. In 2021 Japan was the fifth most popular destination for EU agri-food products by value.

[33] Agricultural Sector (2022), https://www.trade.gov/country-commercial-guides/japan-agricultural-sector#:~:text=The%20United%20States%20is%20the,China%2C%20Australia%2C%20and%20Thailand.

[34] Japan hits annual food export target of ¥1 trillion, https://www.japantimes.co.jp/news/2021/12/16/business/food-export-target/

Figure 3-1: Structure of EU-27 (i.e., exc. the UK) agri-food trade with Japan, 2011 to 2021



Source: European Commission: agri-food trade statistical factsheet, European Union – Japan. Based on Eurostat-COMEXT data.

The EU exported over 16 times more agri-food products by value to Japan than Japan to the EU in 2021. The EU is the fourth biggest exporter of meat and meat preparations to Japan by value just after China, Australia, and the United States[35], and the EU is the main wine exporter to Japan.[36]

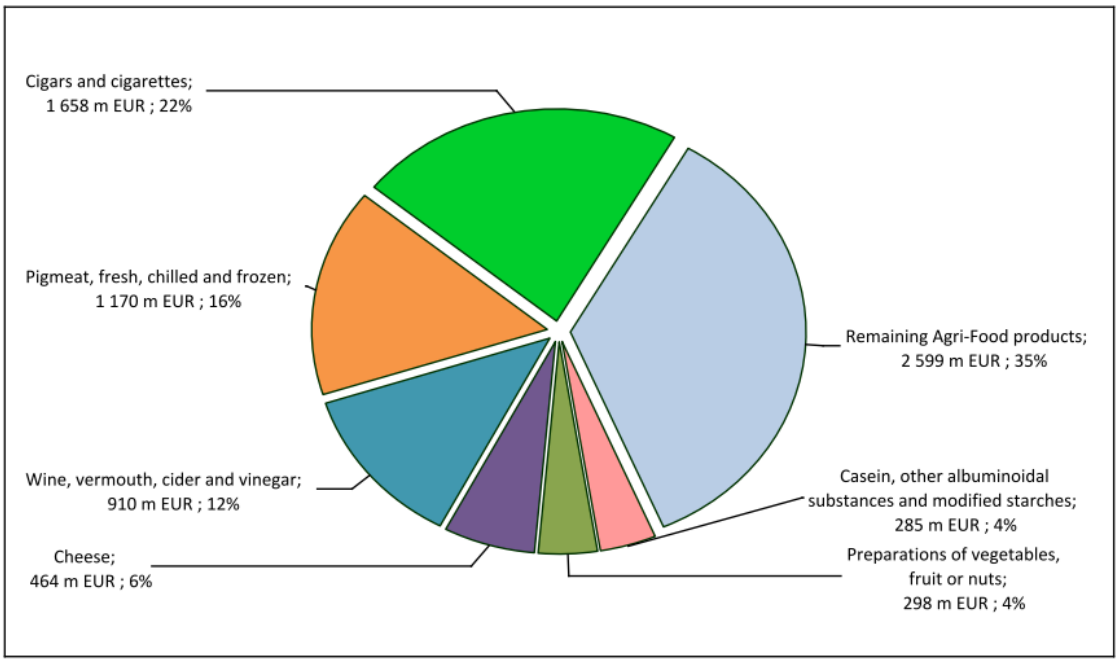
Beyond cigars and cigarettes, pigmeat is the greatest overarching category within Japan's agri-food imports from the EU with a market share of 16% (Figure 3-2). This is followed by wine, vermouth, cider and vinegar which accounts for 12% of agri-food exports from the EU to Japan; and then by cheese which accounts for 6% of all EU exports.

However, as the graph shows, there are other products imported by Japan, accounting for 35% of EU agri-food exports to Japan. These include pasta, pastry, biscuits and bread, as well as olive oil, chocolate and confectionery, and spirits and liqueurs, olive oil, and other food preparations.

[35] Japan Imports of Meat & Meat Preparations (2022),https://tradingeconomics.com/japan/imports-of-meat-meat-preparations

[36] Japan's Top 10 Wine Importing Countries in July 2021 (2021), https://asiawinenews.com/2021/08/japans-top-10-wine-importing-countries-in-july-2021/

Figure 3-2: Top EU-27 agri-food exports to Japan in 2021



Source: European Commission: agri-food trade statistical factsheet, European Union – Japan. Based on Eurostat-COMEXT data

3.1.3 The Japanese market for imported F&B

As section 3.1.2 outlined, Japan's food and beverage market is largely import based, having a significant agri-food trade balance deficit. 4.3.3There are several sectors which appear to be particularly attractive for EU exporters. These include meat, because Japan's meat consumption is increasing, yet their local production is very limited, which means they will continue to have to import a lot of meat products in the future.

Moreover, the EU is the main exporter of wine to Japan as it accounts for around 80% of the total import market by value. This is likely to remain the same because Japanese consumers think highly of wine from the EU and particularly enjoy old world wines. In addition, the wine market in Japan continues to grow.

Olive oil is another sector dominated by EU exporters and has a large potential, in particular because of the increasing interest of Japanese consumers in health topics. Currently the EU (mainly Spain and Italy) account for about 94% of the total import market value. The olive oil market offers great possibilities because it is forecast to grow in the coming years. Currently, olive oil from the EU is mainly purchased by higher income consumers.

Cheese is another interesting market as EU products are the preferred choice of Japanese consumers and because the market is forecast to grow. With the westernisation of the Japanese diet an increasing number of consumers starts to be interested in cheese. At the moment consumers particularly enjoy processed cheeses.

In addition, premium products from the EU are in demand such as high-quality chocolate, biscuits or baked goods.

EU chocolate is viewed to be of high quality and thus is often chosen for special occasions or gifting. The markets for chocolate pouches and bags, and for boxed assortments are the largest. The EU accounts for around 40% of the total import market value of chocolate.

The EU strongly dominates Japan's biscuit imports. Chocolate coated biscuits and filled biscuits are in demand. Japanese consumers are interested in petit premium biscuits as well as in healthier biscuit varieties.

As Japan has a very low domestic production of wheat and thus needs to import around 90% of what it uses, it is also a net importer of baked goods. France stands out as the main baked goods exporter from the EU. Japanese consumers mainly demand cakes and pastries. The market is forecast to grow. Consumers are interested in premium and artisanal products.

Detailed information on the market for different individual imported product categories can be found in the corresponding market snapshots in section 5.

3.2 Growth drivers and trends

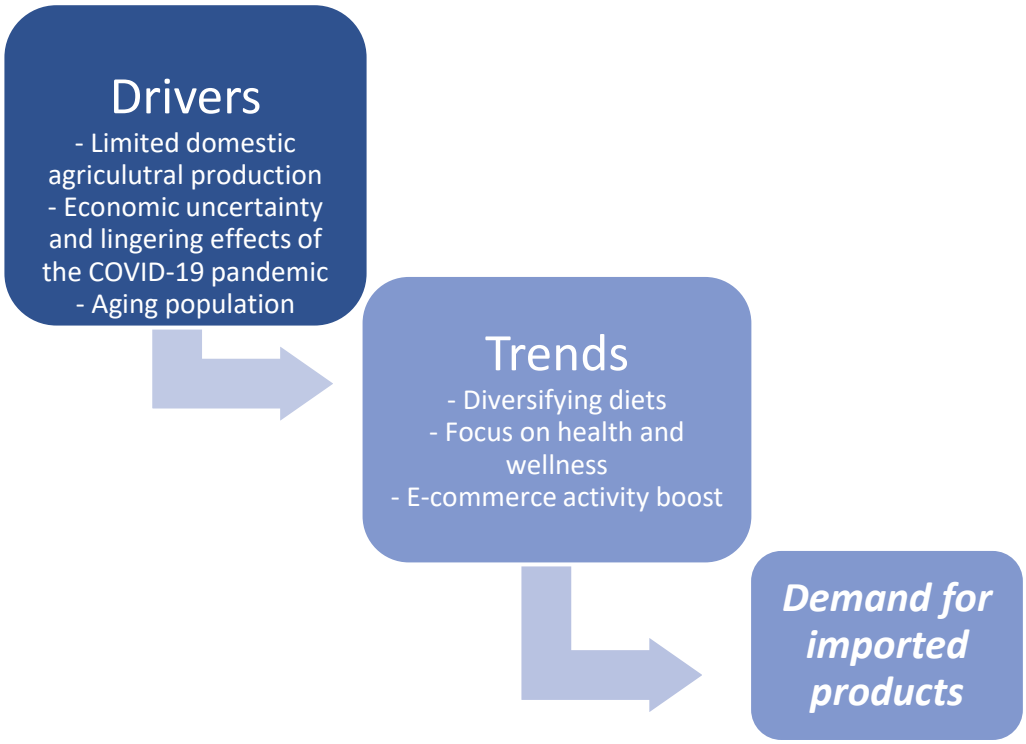
The development of the food and beverage market in general and the market for imported products have been impacted by a few key factors. The key factors affecting the food and beverage market in Japan are:

- **Limited domestic agriculture production:** The Japanese agricultural sector suffers from slow development, driven by high input costs, limited availability of arable land, the resulting small sizes of nature farmlands and susceptibility to natural disasters. In effect, to ensure the stability of the food supply, food imports constitute a crucial element of the economic equilibrium. Important Japanese agri-food imports are e.g. meat, fruits and vegetables, and wine.
- **Economic uncertainty and lingering effects of the COVID-19 pandemic:** Since the 1990s the Japanese economy has been growing very slowly and the COVID-19 pandemic made the situation worse. In 2022, the recovery from the COVID-19 pandemic is still ongoing. The country's real GDP dropped more than 30% in the second quarter of 2020 and even though it partly recovered later on it remains below the pre-pandemic level. The pandemic also exacerbated Japan's reliance on China as a base for its manufacturing investments, which has been causing problems due to increasing labour costs, supply chain issues as well as some political problems.[37]
- **Ageing population:** The Japanese population is declining since 2009. In 2021 the country's population decreased by one million people compared to 2000. The fertility rate in the country came to a record low in 2021 with around 1.37 birth per woman, which are not enough to keep the population at a stable level. Fewer births in combination with higher

[37] 3 Economic Challenges Facing Japan in 2022, https://www.investopedia.com/articles/investing/123015/3-economic-challenges-japan-faces-2016.asp

living standards that increase life expectancy led to an overall ageing population. The number of people of working age is declining as well.

Figure 3-3: Growth drivers and trends – the Japanese food and beverage market



Source: Agra CEAS based on European Commission agri-food factsheet; Euromonitor International, and various (see footnotes).

In terms of current trends, the following stand out:

- **Diversifying diets, convenience and novelty-seeking:** Dietary habits in Japan have been evolving due to a combination of several factors including: economic factors; urbanization; and an increase in food availability. The typical Japanese diet has been shifting from traditional rice-based dishes to more western-style meals with larger quantities of meat, eggs, milk, milk products and fats. Another major change is linked to convenience – more and more Japanese have started to purchase more ready-to-eat packaged food or dine out, which often includes foreign products, recipes or restaurants. Such changes in Japanese dietary habits have led to higher demand for imported products that are not available in the domestic market either because domestic production cannot keep up with demand or because they are not produced in the country. Lastly, the Japanese consumer is often a novelty-seeker, which increases the demand for new, imported products.
- **Focus on health and wellness:** Health awareness of Japanese consumers is strong and has been increasing in particular because of the COVID-19 pandemic. Both mental and physical health self-care is increasing. Consumers are increasingly paying attention to purchasing healthy and nutritious food to fuel their bodies and minds. They search for

healthy ingredients and check nutrition labels. Another reason for health being a focus of the Japanese society is the continuously ageing population.[38]

- **E-commerce activity boost:** The increased technological advancement, and the development of safer online payment methods, in combination with the COVID-19 pandemic are driving the use of e-commerce. Many consumers that never used online shopping before ordered products such as groceries and takeaway online during the COVID-19 pandemic. The e-commerce market is furthermore supported by Japan's strong internet penetration, a very well developed distribution infrastructure (with the high level of urbanisation providing an added tailwind) and a tradition of adopting technology. Even in Japan's remote areas, e-commerce plays an important role. Japan is the third biggest market in the world (just behind the US and China) when it comes to remote digital purchase value. Companies therefore use social media channels such as influencers. As consumers use social media channels a lot these strategies seem to work well.[39]

3.3 Consumer profiles and preferences

3.3.1 Consumer profiles

Certain aspects of the Japanese population that were touched upon in sections 2.1 and 2.2 are worth bearing in mind when considering Japanese consumers. Most notably:

- **Ethnicity and religion.** The vast majority of the population – around 98% - is ethnically Japanese, however some other ethnic groups such as Chinese, Koreans, Filipinos, Vietnamese and Brazilians live in Japan as well.[40] According to Japan's government around 70% of the population follows Shintō. According to Shintō no central authority exists and diversity in beliefs is encouraged. Due to the beliefs of Shintō people often feel close to more than one religion, and Shintō and Buddhism are often practised together.[2] Most Japanese people do not feel strongly connected to religion, even though they often practice certain aspects of it.[41]
- **Highly urbanised population.** Japan is a highly urbanised country with more than nine out of ten people living in urban areas. The largest cities of the country by population include Tokyo, Yokohama, Osaka, Nagoya and Sapporo, however there are many more large population centres. **Increasing Age.** The population of Japan is the oldest in the world and it continues to age at a fast pace. By 2036 people aged 65 or higher are forecast to make up 1/3rd of the whole population. Thus, the wants and needs of older consumers

[38] Euromonitor International, Passport (2022): Consumer Lifestyles in Japan

[39] Euromonitor International, Passport (2021): Digital Consumer in Japan

[40] Japan, Overview, https://www.diversityabroad.com/articles/travel-guide/japan#:~:text=Ethnic%20Groups%3A,Brazilian)%20(2016%20est.)

[41] Japanese culture, https://culturalatlas.sbs.com.au/japanese-culture/japanese-culture-religion

are increasingly important. Their often higher than average purchasing power means they often can afford items not everyone can afford.[42]

General consumer types in Japan are set out below. However, the relevance of universal consumer types is limited, and their categorisation should be nuanced:

- **The modern consumer:** One attribute of the modern consumer is their affinity for the internet and all other modern technologies. This consumer type is up to date and likely to be influenced through a variety of channels online as well as offline, however, they are mainly influenced by social media and celebrity endorsement (influencers).[43] Therefore, they like to use social media channels for making purchasing decisions, and order products via e-commerce where the possibility arises. The younger part of the population, in particular Generation Z (born between the mid-1990s and around 2010) is likely to be modern consumers. They are less loyal to brands than older generations and always look to find new interesting products and brands. Modern consumers tend to be generally more open as they have fewer fears than some middle-aged generations. They are also likely to purchase products internationally. Nonetheless, they increasingly pay attention to ethical and healthy food consumption and an environmentally friendly lifestyle (including e.g. local food).[44]

- **The essential consumer:** Essentialists are careful about how they spend their money. The economic slowdown and the COVID-19 pandemic have led to consumers aiming to save money where possible, as many of them, mainly millennials, lost their jobs and thus their steady incomes. Consumers of this group are likely to be worried about their future, which is why they tend to only purchase the essentials and not many luxurious products. Good value for money is key and consumers do not mind going to discount stores and to buy private-label products as their brand loyalty is rather low. Essentialists often know what they are going to buy before they go shopping and are less likely to purchase something they did not plan to buy. In particular because they often already do their product research online as well as in the store before they decide to buy something. They prioritise personal matters over their image or following new trends. Ethical consumption and an environmentally friendly lifestyle are becoming increasingly important for the essential consumer as well.

- **The comfortable consumer:** Comfortable consumers generally have a stable income and/or enough savings as well as a good education. Most comfortable consumers are from the older generation, aged above 65, and from the baby boomer generation. 70% of the country's wealth is owned by consumers above the age of 55. This number is forecast to increase during the coming two decades. Comfortable consumers have high expectations regarding the quality of products and towards their manufacturers. They are also more likely to make impulse purchases if they see something they like. Consumers in this group are very brand loyal and value good customer service. Comfortable consumers are also interested in purchasing high quality international brands in particular

[42] Japan's ageing society, https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659419/EPRS_BRI(2020)659419_EN.pdf

[43] Japan, Reaching the Consumer (2022), https://santandertrade.com/en/portal/analyse-markets/japan/reaching-the-consumers

[44] Japan's New Consumer Groups Explained (2021), https://tokyoesque.com/japanese-consumer-groups-explained/

from countries that are specialised in the production of certain products such as wine from France. The importance of ethical consumption is growing for them as well.[45]

3.3.2 Cultural sensitivities and other considerations

Cultural sensitivities can play an important role when it comes to purchasing trends in Japan.

Colour associations

In Japan, colours are often used for their emotional and symbolic meaning.[46] There are two ways of regarding colour: *shibui and kabuki.* Shibui avoids contrasting colours and uses soft colours such as pastels, browns and soft whites. *Shibui* colours are natural, elegant, timeless and tranquil. *Kabuki* is more spectacular and uses contrasting and bright colours such as red, blue and pink.

The most meaningful colour in Japan is the colour red, which is a lucky colour that represents life, authority and vitality. Red is used on special occasions such as births and weddings. Another auspicious colour used at weddings is white, the colour of the gods, purity and rebirth. However, white is also associated with death and funerals.[47] Purple, on the other hand, is associated with wealth. The colours pink, orange and green are all positive colours. The colours black and blue are sometimes associated with bad luck and with supernatural creatures, villains and the unknown.

Japanese cuisine and eating habits

In Japanese cuisine, food and drink pairings often include *sake* – a Japanese traditional drink made from fermenting rice. Depending on the ***sake's*** profile and characteristics it is matched to the type of served food (i.e. oily food with crisp, acidic sake etc).[48] Wine is also paired with certain types of Japanese food[49] but *sake* remains the preferred choice.[50]

Although in Japan there are several differences between regions and cities regarding eating habits, the main one is traditional Japanese food (*washoku)* compared to Western Japanese food (*yoshoku).* Yoshoku are dishes which are adapted or reinvented from Western cuisine, such as *Kare-raisu* (curry rice), *Hambagu* (beef hamburger) or *Napolitan (*like the Italian spaghetti dish). While the traditional Japanese diet (and hence *washoku*) is mostly based on fish and seafood, *yoshoku* recipes tend to include different types of meat.[51]

Dining out is an important part of the Japanese culture (even though it was impacted by the COVID-19 pandemic). The Japanese base their choice of restaurants on high quality and

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[45] Japan, Reaching the Consumer (2022), https://santandertrade.com/en/portal/analyse-markets/japan/reaching-the-consumers

[46] The Traditional Colors of Japan; https://www.tofugu.com/japan/color-in-japan/

[47] International color symbolism; https://www.six-degrees.com/pdf/International-Color-Symbolism-Chart.pdf

[48] How to pair Japanese sake with food; https://steamykitchen.com/6126-00-japanese-artisan-sake-tasting.html

[49] Japanese Food and Wine; http://www.japanese-food-and-wine.com/

[50] Why Restaurants Are Choosing Sake Over Wine For Food Pairing; https://hk.asiatatler.com/dining/why-restaurants-are-choosing-sake-over-wine-for-food-pairing

[51] The art of yoshoku: Six popular western dishes reinvented in Japan; https://www.jnto.org.au/experience/cuisine/the-art-of-yoshoku-six-popular-western-dishes-reinvented-in-japan/

convenience when they dine out. Japanese can choose between many restaurants when dining out depending on the occasion, time of the day or location.[52] At the same time, as a result of a busier and fast-paced lifestyle, more and more ready-made meals are bought at convenience stores.

Gift giving

In Japan, gifting is seen as an essential tool to build and maintain personal and professional relationships. Gift-giving therefore extends beyond holidays and special occasions. The range of gifts is wide, from money to towels, with special food and beverages being popular gifts. The appearance of gifts is particularly important (gifts are often sold in pre-packaged sets), and wrapping is important if gifts are for special occasions rather than seasonal.

While the most important gift-giving occasions are weddings and funerals, food is not a common gift for these occasions – even though in the case of a funeral, it is common for a gift to be consumed, so that the misfortune associated with death does not linger on. Notable other occasions for companies and individuals to give gifts are mid-year (*Ochugen*) and the end of the year (*Oseibo*),[53] during which beer, coffee, noodles, meat, fish, fruit, juices, seaweed, candies, pastries and cooking oil are gifted. Other occasions to gift food, candies, pastries, chocolate and alcoholic beverages are Mother's Day, Father's Day, Valentine's Day, Christmas, Halloween, and White Day (see festivals and holidays).

Oseibo is a period at the end of the year when the Japanese are giving gifts to relatives, friends or co-workers as a sign of appreciation. There is no specific type of gift, but popular gifts include a variety of foods such as salmon, herring roe, ham, expensive fruits, meat preparations, boxes of beer, etc. The *Oseibo* winter gift was considered obligatory in the past, but the tradition seems to fade away in recent years because the younger generation perceives it as a gesture typical for their parents and the older generation in general.

Festivals and holidays

Food and drink play an important role in many holidays. The following events are nationally celebrated in Japan.[54]

- **Ganjitsu – New Year's Day** (1st January). Many businesses stay closed until the 3rd of January. Japanese often view the new year as a new start.
- **Kenkoku Kinen no Hi – National Foundation Day** (2nd February). This holiday commemorates the formation of Japan as a nation. The prime Minster usually gives a speech and the national flag is shown everywhere as a sign of national pride.
- **Valentine's Day** (14th February). Different then in the West, women are the ones to give gifts to men on love day, mainly chocolates. Women get gifts from men on White Day, one month later.

[52] Eating out in Japanese: a guide to Japan's restaurants; https://www.lonelyplanet.com/japan/travel-tips-and-articles/eating-out-in-japanese-a-guide-to-japans-restaurants/40625c8c-8a11-5710-a052-1479d277d1ad

[53] Giving Gifts in Japan; https://www.japan-guide.com/e/e2004.html

[54] 12 Japanese Holidays and Celebrations, https://takelessons.com/blog/japanese-holidays-z05

- **Tennō Tanjōbi – The Emperor's Birthday** (23rd February). In Japan it is a tradition that the emperor's birthday becomes a holiday. The current emperor Naruhito's birthday is on 23rd February.
- **Hina Matsuri – Girls' Festival** (3rd March). This day celebrates Japan's young girls. Parents wish their girls happiness and success with peach blossoms and dolls.
- **White Day** (14th March). On this day people that received gifts on Valentine's Day (mainly men) give reciprocal gifts back to the people they received gifts from (mainly women). White Day has its origins in Japan and was invented by the confectionery industry.
- **Shunbun No Hi –** (20th/21st March). The spring/ vernal equinox celebrates the end of winter and the beginning of spring. It also is the time to honour the ancestors and visit their graves and leave offerings such as food. Farmers celebrate and pray for a good season ahead.
- **Showa No Hi – Showa Day** (29th April). Originally this day celebrated the birthday of the emperor during the Showa Era, between 1926 and 1989. Additionally, this day celebrates the beginning of spring in the country.
- **Golden Week** (29th April – 8th May). During this week, there are four national Japanese holidays. 3rd May is Constitution Day, which celebrates the new constitution that was enacted in 1947. The 4th May, known as Greenery Day, celebrates the environment and nature. Children's Day also takes place during the Golden Week. On this day families celebrate their sons and wish them health and success.
- **Summer Solstice** (20th – 21st June). Even though this is not an official national holiday, celebrating the longest day of the year has a long tradition in the country.
- **Marine/Ocean/Sea Day** (Third Monday of July). On this day, the people of Japan, an island nation, give thanks to the ocean. The festival usually goes hand in hand with the end of the rainy season in parts of Japan, which is why many people spend the day at the beach, where they watch the Ocean Day parade.
- **Mountain Day** (9th August). Since 2016 this day is an official national holiday in Japan. Like some of the other days, it is honouring and celebrating nature. People are supposed to use this day to reconnect with nature and go out to the mountains.
- **Keiro no Hi – Respect for the Aged Day** (Third Monday of September). This day, as the name suggests, aims to give time to honour the elderly and show them respect.
- **Taiku no Hi – Health and Sports Day** (Second Monday of October). This day celebrates the opening of the Olympics in Tokyo back in 1964 and aims to encourage an active and healthy lifestyle. Some areas set up their own mini Olympic games to celebrate this day.
- **Kinrō Kansha no Hi – Labour Day / Thanksgiving** (23rd November). This holiday honours and celebrates Japanese workers.[55]

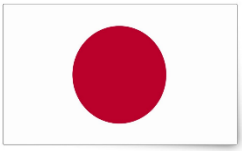
Important cultural symbols

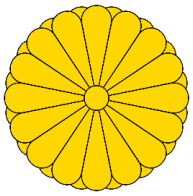
Japan has many cultural symbols and customs that are well-known all over the world.

[55] 12 Japanese Holidays and Celebrations, https://takelessons.com/blog/japanese-holidays-z05

Japanese Flag

The Japanese flag is officially known as *Nisshoki*, meaning rising sun flag, but more commonly referred to as *Hinomaru*, which means the sun disk. Thus, the red circle is a symbol of the rising sun. Japan is often referred to as the land of the rising sun. The Japanese flag is a sign of pride.





Chrysanthemum Seal

The chrysanthemum is a flower with sixteen petals that most often blooms in white or orange colours. It is the sign of the emperor and can often be found in Shinto shrines across Japan.[56]

Geisha

The Japanese word geisha describes a woman that has artistic skills. Geishas are known to wear kimonos, a lot of makeup, special hairstyles and parasols. A specific school educates women in various subjects such as dance, crafts, culture and ceremonies, to become a geisha. A geisha looks mysterious and full of wisdom and hidden beauty.





Sakura

Sakura is the Japanese word for cherry blossom. The many cherry trees in Japan bloom every year in March and April with their wonderful pink buds. To celebrate this, the Japanese have a custom called *hanami*, which means flower watching. *Sakura* is a symbol of spring as well as of youth and the changing nature of life.

Samurai

The Japanese *Samurai* were ancient Japanese warriors, that were known to be highly devoted to their leader. Their guiding principles were a warrior's path code and honour. Their main weapon was the katana, which they never parted with as it was a sign of their constant readiness to fight. Today the *Samurai* is a symbol of loyalty, courage and persistence.



[56] Japanese Symbols, https://www.japan-experience.com/plan-your-trip/to-know/understanding-japan/japanese-symbols

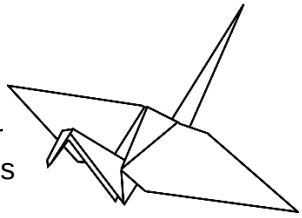


Bonsai

Even though bonsai trees have their origin in China, the bonsai is a Japanese symbol today. The art of bonsai farming became a widespread tradition in Japan during the time of the *samurai*. As the tree is a symbol of happiness and fortune it can be found on many souvenirs for tourists, in paintings and on clothes, as well as in gardens or other public spaces.

Origami

Origami originated in China as well, however, really started to flourish in Japan. It is an art form of folding paper into small figures that are often highly complex. Origami never uses any additional tools such as glue or scissors but only the hands and paper. There are several origami museums in Japan.





Japanese Crane

The Japanese crane is a symbol of fidelity, longevity and happiness. It is bringing good news and is a sign of good luck. Cranes are often folded in Origami and used as a decoration for weddings. Superstitious Japanese belief is that if someone makes 1 000 origami cranes by themselves, they will get one wish fulfilled.

Mount Fuji

Mount Fuji has the highest peak in the country and is an active volcano, listed on the UNESCO World Heritage List. The Mount Fuji area is vast but during the high season tourists sometimes even have to queue to get to the summit. For the Japanese the mountain is sacred and it is tradition for every person to at least climb it once during their lifetime.[57]



Meaningful food

Some food is supposed to bring luck, health or wealth. These attributions usually stem from folklore, aesthetic symbolism and history. The country has many lucky foods, usually connected to certain cultural celebrations and festivities. Others are regarded as lucky charms for every day.[58]

Japanese people traditionally eat *osechi-ryori*, which is a boxed meal set, for the New Year. Other traditional New Year foods are *toshikoshi soba*, which are Japanese buckwheat noodles, mochi,

[57] Top 10 Japanese symbols, https://www.oyakata.com.pl/en/japanese-culture/top-10-japanese-symbols

[58] Japanese Lucky Food, https://gurunavi.com/en/japanfoodie/2017/03/japanese-lucky-food.html

which are rice cakes, and *datemaki* which are sweet rolled omelettes. All of these foods have their own meaning, but many are related to good luck.[59]

Stereotypes

Some stereotypes relevant to food and drink :

- **Japanese people cannot drink a lot of alcohol.** Even though about 40% of the Asian population have a mutation in their genes that makes it harder for them to process alcohol, many are not affected or learned to deal with it. **Sushi is eaten every day.** Sushi is a staple food, but not consumed every day as the Japanese cuisine is very diverse. Sushi often is rather a dish for special occasions such as birthdays. [60]
- **Japan does not have good beer or liquor, but only Sake.** Japanese started brewing beer (a beer called 'Hoppy') after the Second World War which may not have been great at that time. However, Japan became proficient in brewing beer, wine and liquors – as reflected by the worldwide popularity of some drinks such as the beer Asahi.[61]

[59] Japanese New Year Food: Dishes Full of Symbolism, https://sakura.co/blog/japanese-new-year-food/

[60] Eight Stereotypes about Japanese People Which Are Wrong, https://medium.com/the-reynolds-media-lab/eight-stereotypes-about-japanese-people-which-are-wrong-a85e34a65f2d

[61] The 10 most ridiculous Japanese stereotypes, https://www.tofugu.com/japan/japanese-stereotypes/

4 Market access and entry

This section provides details on the necessary requirements for entry into the Japanese market, outlining existing market access restrictions and explaining procedures. A summary of market access and entry is presented in section 4.1, in the form of a SWOT analysis.

4.1 Summary SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
▪ Good trade relations between Japan and the EU in general. ▪ The EU-Japan EPA provides for the recognition and protection of many EU GIs (wines, spirits and agri-food products). ▪ Japan's agricultural production is limited because only about 20% of the land is suitable for it. As a result, the country's food and beverage market is significantly import based.	▪ Population has been in decline since 2009 creating a smaller market; though the resulting ageing population offers certain opportunities (as they are generally wealthier). ▪ Japan is and has recently been dealing with many stressors such as the COVID-19 pandemic, global supply chain issues, uncertainties due to the war in Ukraine, and inflation. ▪ The country aims to increase its agricultural output.
OPPORTUNITIES (+)	**THREATS (-)**
▪ The ongoing westernization of eating habits in Japan offers a wide range of opportunities for western food, including food from the EU. ▪ E-commerce as a channel is growing and offers new opportunities for the distribution of F&B products in Japan. ▪ Opportunities for healthy, natural and quality products, for products with new flavours and other innovations, as well as for premium products.	▪ Japan, putting great emphasis on its economic diplomacy, has in force or signed several FTAs and EPAs with countries in Asia, America, Oceania, Europe and Australia which might make non-EU trading partners of Japan more competitive. ▪ The Japanese food and beverage market is generally dominated by large domestic companies. EU exporters might face challenges in relation to the additives they use, and residues detected on their products. ▪ Furthermore, there might be challenges specifically when it comes to the export of certain meat products, as well as vegetables and fruits. These are due to for example long approval processes for additives, lengthy and cumbersome procedures and slow processing, the non-recognition of EU's regionalisation measures, and restrictions related to outbreaks of Avian Influenza.

4.2 Food and beverage legislation and regulations

The food regulation system in Japan is well-developed and has its own specificities, most notably, in relation to stringent rules on additives and residues.

4.2.1 Import requirements/restrictions, customs procedures and documentation

The general documentation requirements for shipments to Japan are set out in Table 4-1. A summary of specific requirements by food and beverage type covered in this handbook is set out in Table 4-2 with further explanations regarding some of the general registrations / notifications required for food products provided thereafter. As a general rule, documents on the exporter side can be in English or Japanese (translations generally acceptable – in a few cases, translations into Japanese specifically may be requested), but those on the importer side should be in Japanese.

The Food Sanitation Inspection Section of the Ministry of Health, Labour and Welfare (MHLW) generally takes the lead on checking imported food on entry into Japan. Documents showing ingredients, additives and the manufacturing process may be required in addition to the above – most notably in the case of inspection. As will be seen in the following section, compliance with specifications for additives can be a notable issue when importing food; and exporters are advised to ensure they not only comply but have test results to be able to prove compliance in the case that they are needed.

Table 4-1: General requirements for goods exported to Japan (including F&B)

Name	Description	To be prepared by	Language
Air Way bill	A document containing the details of the transportation of products by air and proving the transport contract between the consignor and the carrier's company.	Carrier (or his agent)	EN
Bill of Lading	A document containing the details of the international transportation of products by sea.	Carrier (or his agent)	EN
Manifest	A document notifying the authorities of the arrival of a vessel/an aircraft and summarising the goods loaded therein. To be submitted latest 24 hours (vessel) 3 hours (aircraft) from time of arrival.	Freight forwarder (or his agent)	EN or JP
Inward declaration for aircraft/vessels	Document providing details of an aircraft / a vessel and its journey to Japan. Must be submitted prior to arrival.	Freight forwarder (or his agent)	EN or JP
Advanced information on maritime cargo	A document notifying the Japanese authorities of the details of maritime container cargo. Required for risk assessment.	Freight forwarder (or his agent)	EN or JP
Commercial Invoice	A document containing the details of the transaction. There are requirements on minimum content for customs clearance though these are fairly standard invoice requirements.	Exporter	EN or JP

Name	Description	To be prepared by	Language
Customs import declaration	Official form for customs clearance of goods. Form is extensive.	Importer	JP
Declaration of dutiable value	Document containing all information for the assessment of dutiable value of a shipment. Form is extensive.	Importer	JP
Packing List	A document containing the details of the shipment and serving as a basis for the treatment of goods by customs.	Exporter	EN or JP
Proof of preferential / non-preferential origin	A document confirming the preferential / non-preferential origin of the goods to be imported. While not always necessary, it may be requested by customs or the importer if there are doubts about the origin.	Exporter	Translation into EN or JP may be required
Insurance certificate	Document proving that a contract for insurance of the goods has been signed. No specific form required.	Exporter or importer	Generally English

Source: European Commission Access2Market

Table 4-2: Specific market entry requirements mapped to handbook categories

Name and description	Fresh meat	F&V	Dairy	Alcohol	Olive oil	Confectionery	Pasta	Breakfast cereals	Processed meat	Bakery, biscuits	Baby food
Authorisation of foreign foodstuff manufacturers. Document certifying that the manufacturer of foodstuffs (other than for infants) has been authorised by the country of export and complies with HACCP.	X	X	X	X	X	X	X	X	X	X	X
Import notification for food and food products. A document notifying the competent authority of the intention to import food / food products. If product not subject to inspection in Japan, a certificate notification is immediately issued.	X	X	X	X	X	X	X	X	X	X	X
Veterinary health certificate for animal products. Issued by authorities of the country of export. Translation into English or Japanese required.	X		X				?		X		X form ? prep
Import quarantine certificate for animal products. Document certifying that a specific consignment of animal products is intended for human consumption. To be applied for from Japanese MAFF.	X		X						X		
BSE certificate. Document certifying that bovine products to be imported are not infected and no infected materials have been used in breeding or production.	0201 0202 Part 0206		?						? Beef		
Certificate of dioxin content. Document certifying product is suitable for consumption with regards to dioxin content. Not required if necessary information provided already on veterinary health certificate.	0207		X			? 1806	?		? Poultry		X form ? prep
Phytosanitary certificate. Issued by authorities of the country of export.		X									

Name and description	Fresh meat	F&V	Dairy	Alcohol	Olive oil	Confectionery	Pasta	Breakfast cereals	Processed meat	Bakery, biscuits	Baby food
Import quarantine certificate for plants and plant products. Document certifying plant / plant products have undergone phytosanitary inspection at the Japanese border.		X									
Variety registration. *Generally only required if import is intended for plant propagation*. See Access2Market for more information.		?									
Certificate of analysis. Certifying that microbiological and physical/chemical tests have been carried out in country of export.				X	X	X	X	X		X	X
Permit to import sugar. Document permitting the importation of specified sugar subject to the sugar price stabilisation law.						?					?

Source: Agra CEAS based on Access2Market

X = required for category; ? = only required for category in specific cases, consult Access2Market for more details

4.2.2 Food safety and other food certification requirements

The main bodies in Japan responsible for imported food and food safety are:

- **The Ministry of Health, Labour, and Welfare (MHLW)** which is responsible for food safety and has quarantine stations at points of entry.
- **The Ministry of Agriculture, Forestry, and Fisheries (MAFF)** which is responsible for animal and plant health plus agricultural standards. It also has responsibilities for geographical origins.
- **The Consumer Affairs Agency (CAA)** which is responsible for food labelling.

The main overarching pieces of legislation impacting imported food and beverage products in Japan are:

- **The food safety basic act of 2003.** This effectively sets out the foundations of the food safety legal provisions and control systems. English translation available at https://www.fsc.go.jp/english/basic_act/fs_basic_act.pdf
- **The food sanitation act of 1947**, last updated 2018. This sets out concrete requirements / specifications for food products, as well as for additives, packaging, etc. English translation available at: https://www.japaneselawtranslation.go.jp/en/laws/view/3687/en#je_ch2
- **The food labelling act**, which sets out food labelling standards.

Other notable pieces of legislation which are of relevance are:

- **The Japanese Agricultural standard act (JAS act)**. This sets out criteria for standards, grading, certification etc for food and drink products made from agricultural products. The act can be found at: https://www.japaneselawtranslation.go.jp/ja/laws/view/3378.
- **The plant protection act**. This focuses on preventing plants and pests from establishing themselves in Japan, and as such, it includes a list of banned products and countries to help fulfil this aim. The act can be found at: https://www.japaneselawtranslation.go.jp/en/laws/view/3916/en and the present list of banned countries and products can be found at http://www.pps.go.jp/english/law/list2.html
- **The domestic animal infectious diseases control act** which focuses on preventing infectious animal diseases from establishing themselves in or spreading through Japan. It includes import requirements, with ministerial ordnances used for enforcement. Act available at: http://www.cas.go.jp/jp/seisaku/hourei/data/adaidc.pdf
- **The health promotion act**. This aims to improve public health more widely and includes some nutrition related provisions.

Japanese Agricultural Standards (JAS)

The JAS Act establishes voluntary agricultural standards. These standards can be applied to both products and business operators. Compliance allows the use of the JAS logo alongside wording which clearly identifies the content of the product. The system is a third-party certification system meaning that accredited certification bodies will check if a product is produced to corresponding JAS standards.

MAFF has a website with more information on the JAS system:

https://www.maff.go.jp/e/policies/standard/jas/index.html

As well as a document with a more detailed overview of the system:

https://www.maff.go.jp/e/policies/standard/jas/attach/pdf/index-2.pdf

A list of certification bodies – which includes those which can certify overseas products – can be found at: https://www.maff.go.jp/e/policies/standard/jas/attach/pdf/system-8.pdf

There is a JAS standard for organic as well; though this is addressed in section 4.2.3 on labelling.

Food additives

General provisions for food additives are set out in the food sanitation act. Only approved food additives can be used in foods. Additives are grouped into four categories:

- Designated additives
- Existing food additives
- Natural flavouring agents
- Ordinary foods used as additives

It is important to note that Japan diverges from Codex Alimentarius with regards to what are considered food additives. The following substances – which are not considered food additives under Codex Alimentarius – are categorised as food additives in Japan:

- Processing aids (substances not consumed as a food ingredient by itself and intentionally used in processing – for example: infiltration-supporting agents)
- Vitamins, minerals, and amino acids
- Flavouring agents

4.3.4MHLW may request substantial information on food additives during import inspections, and it is recommended that this information is at hand (e.g. chemical and other/common names; content in ppm (parts per million) with a comparison to maximum permitted levels in Japan).

Japan also does not provide an official overview in English of all permitted additives per sector, for example for wines. The authorisation of oenological practises can take a long time and involves multiple agencies. The EU-Japan EPA foresees a procedure for the authorisation of oenological practices in three phases. Both parties are now working on the approval of phase three practices which should in principle be finalised by 02/2024. The lists of practices per phase can be found in Part 1 of Annex 2-E.

(EPA full document: https://trade.ec.europa.eu/doclib/docs/2018/august/tradoc_157228.pdf)

Information in English on authorised food additives from MHLW

- MHLW has a page, in English, setting out the legal requirements for food additives, as well as links to the lists of authorised food additives by category (Designated additives, Existing food additives, Natural flavouring agents, Ordinary foods used as additives) and information on how to apply for the authorisation of a new food additive.

https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou_iryou/shokuhin/syokuten/index_00012.html

Note: additives in alcoholic beverages require additional approval under the Liquor and Tax Act Enforcement Regulation of the National Tax Agency (NTA). More information on this can be found at the following webpage, in Japanese: https://www.nta.go.jp/taxes/sake/gijutsu/mokuji.htm.

Pesticide residues; contaminants

In general terms, a positive list is used for agricultural chemicals including pesticide and veterinary drug residues. The list of MRLs for these agricultural chemicals can be found at the following link: http://db.ffcr.or.jp/front/ (defaults to Japanese; pls select English in the top right hand corner)

In addition to this:

- There are some substances that have **been established as not having adverse health effects** and which therefore do not have MRLs. A list of these can be found at the following link: https://www.ffcr.or.jp/en/positive-list-system---exempted-substances.html
- There are certain chemical substances which are **effectively entirely banned**. A list of these can be found at: https://www.ffcr.or.jp/en/zanryu/the-japanese-positive/positive-list-system---not-detected.html

The residue of agricultural chemicals in processed food is also tested. Compliance is determined through proportion of the ingredient in the final product.

There are various other contaminants that are typically checked for by authorities. If detected, all imports from a country of the product in question will be subject to enhanced checks. Ones of relevance to products potentially covered by this handbook include:

- Aflatoxin in tree nuts / peanuts plus their products (30%+ content), spices and some grain products
- Enterohemorrhagic E. coli O26, O103, O111 and O157 in unheated livestock products to be consumed without further cooking, bovine meat, horsemeat and natural cheese
- Listeria in unheated meat products to be consumed without further cooking and also in natural cheese
- Polychlorinated Biphenyls (PCB) in bovine meat, pork, fish and shellfish
- Cyanogen in certain types of beans
- Methanol in distilled spirits and wines
- Salmonella in meat for raw consumption
- Trichina in game birds and alike
- Radioactive substances
- Decomposed or deteriorated foods of all kinds

In addition, there are various contaminants which are checked for in fish and shellfish (products outside the scope of this handbook).

As exceeding MRLs or the detection of contaminants will lead to the prohibition of a product from entering Japan, and potentially to enhanced monitoring by the Japanese authorities of any future shipments (for all imports of the product in the case of the contaminants listed above), it is recommended that steps are taking to ensure compliance. The food import monitoring plan (https://www.mhlw.go.jp/english/topics/importedfoods/21/index.html) includes a list of operators subject to enhanced monitoring as a result of violations. It may be worth checking schedules 2 (https://www.mhlw.go.jp/english/topics/importedfoods/21/s02.html) and 3 (https://www.mhlw.go.jp/english/topics/importedfoods/21/s03.html) of this to help identify cases where other operators have encountered issues with residue levels.

In order to establish new MRLs or request amendments to existing MRLs, applications must be submitted to MHLW. Guidelines for this can be found at: https://www.mhlw.go.jp/english/topics/foodsafety/positivelist060228/dl/1226005_01.pdf

MHLW and FFCR overviews of the positive list system in English

The MHLW has provided an overview of the positive list system. This is available at: https://www.mhlw.go.jp/english/topics/foodsafety/positivelist060228/introduction.html

The Japan Food Chemical Research Foundation (FFCR) also has pages with details of the system. The master page for this is: https://www.ffcr.or.jp/en/zanryu/the-japanese-positive/the-japanese-positive-list-system-for-agricultural-chemical-residues-in-foods-enforcement-on-may-29-.html

4.2.3 Labelling Requirements

The food labelling standards under the food labelling act set out food labelling requirements in Japan. The act can be found here:

https://www.japaneselawtranslation.go.jp/en/laws/view/3649/en

Labelling requirements for fresh and processed foods are different, with the latter being much more comprehensive. The table below sets out a summary of labelling requirements.

Item	Fresh	Processed
General product name	X	X
Country of origin	X	X
Importer name / address		X
Ingredients, in descending order of weight		X
Food additives, in descending order of weight (must be listed separately from ingredients)		X
Net weight / content (metric)		X
Best before date (Y-M-D)		X
Storage		X
Allergen labelling		X
Nutritional labelling		X
Additional product specific requirements	?	

There are additional specific labelling requirements for certain fresh products, namely: rice, various fruits, meat, milk, eggs in shells, various types of seafood, shiitake mushrooms and beans containing cyanide. These extra requirements are set out in Appendix Table 24 of the food labelling standard (the table in Japanese can be found at: https://www.caa.go.jp/policies/policy/food_labeling/food_labeling_act/assets/food_labeling_cms201_220330_03.pdf)

All labelling must be in Japanese. Theoretically, products do not have to have Japanese labels attached to them prior to export; however in practice, this is commonly requested. Non-Japanese nutritional labelling should be covered when attaching Japanese labels.

There are also labelling requirements for genetically engineered and genome edited products, though this is not of expected relevance to products exported from the EU.

Japan currently does not have in place any notable voluntary labelling systems, such as the nutriscore in the EU.

Food additive labelling

This is mandatory. Additives must be labelled by one of:

- substance name
- substance name combined with function
- commonly known name
- collective name, in certain circumstances

Allergen labelling

Allergen labelling is mandatory for seven ingredients:

- Shrimp
- Crab
- Wheat
- Buckwheat
- Egg
- Milk
- Peanut

It is recommended for a further 21 ingredients: almond, apple, abalone, banana, beef, cashew nut, chicken, gelatine, kiwi fruit, mackerel, matsutake mushroom, mountain yam, orange, peach, pork, squid, salmon, salmon roe, sesame, soybean and walnut.

Nutritional labelling

The following information is to be provided, in order:

- Calories
- Protein
- Fat
- Carbohydrates
- Sodium

It is also recommended that saturated fat and fibre be labelled. The labelling of other nutritional components is voluntary; however if a non-mandatory nutritional component is advertised on the product label, the nutritional content of this component must be indicated.

Country of origin labelling

Processed foods made in Japan are subject to a country (EU member state) of origin labelling requirement for the main ingredient. However, for imported processed products, only the country of origin of the product as a whole must be indicated.

Organic labelling

The JAS act sets out the requirements for products to carry organic labelling.

The EU has an existing equivalency arrangement with Japan on organic standards for plant products. This means the EU and Japan recognise each other's Organic labelling systems. If a product is organic in the EU, it is recognised also as organic in Japan and vice versa. As a result, European producers can use the EU organic labels they usually use also in Japan and they can add the JAS label which is well regarded and recognised in Japan.

However, the current organic labelling arrangement is limited in product scope. It does not include livestock and dairy products (incl. some chocolate products), and alcoholic drinks. The EU is in the process of negotiating with Japan to upgrade the existing equivalence arrangement and include also these product categories.

The current arrangement on organic equivalence will expire by the end of 2026. By then it should be replaced by an international agreement on organic equivalence with Japan in line with the EU's new legislative framework on organic production, Regulation (EU) 2018/848, which applies from 1 January 2022.

Regulation (EU) 2018/848 provides that the recognition of equivalence of third countries, as laid down in Regulation (EC) No 834/2007, should only be granted through international agreements between the Union and those third countries where a reciprocal recognition of equivalence would also be pursued for the Union. Following the Commission's recommendation, the Council of the EU, with its Decision (EU) 2021/1345, authorised the opening of negotiations with Japan. A transitional period to move from an organic equivalence arrangement to an agreement is foreseen.

Alcohol labelling

Alcoholic beverages are defined by the Liquor tax act as those with 1% or higher alcohol content (below this, products are considered soft drinks). Labelling of alcohol products must conform with a variety of pieces of legislation, including the food labelling act. In brief, products must contain the information listed above for processed foods, in addition to the alcohol level (in degrees or %). This must be accurate to within 1 degree.

Claims

In order to use **nutritional claims**, products must:

- Meet the minimum content requirements which are set out in table 12 of the Food labelling Standards for claims related to ***enhanced content*** (e.g. rich in or containing);
- Meet the maximum content requirements which are set out in table 13 of the Food labelling Standards for claims related to ***reduced content*** (e.g. reduced, low in).

The tables, in Japanese, can be found at the following link: https://www.caa.go.jp/policies/policy/food_labeling/food_labeling_act/assets/food_labeling_cms201_220330_02.pdf

Health claims are strictly regulated. It is recommended that the CAA guidance on the topic be consulted in case there is interest in using health claims. This guidance can be found at: https://www.caa.go.jp/policies/policy/food_labeling/information/pamphlets/pdf/151224_2.pdf

Guidance from the CAA on food labelling

The CAA publishes a number of guidance documents on food labelling – both from an industry and from a consumer point of view. These are available, in English, on the following website:

https://www.caa.go.jp/en/policy/food_labeling/

Packaging and sustainability

The Container Packaging Recycling Law requires the recycling of various types of containers and packaging (including plastic, glass, paper and PET bottles). Manufacturers must indicate recycling on packaging with the logos to the right. While importers on the Japanese side are effectively responsible for this as part of their responsibility for labelled products, they may request assistance from exporters.



4.2.4 Protection of intellectual property rights, including geographical Indications (GIs)

IPR protection framework

The protection of intellectual property rights (IPR) in Japan is regulated by various provisions, depending on the intellectual property right in question. Ones particularly relevant to imported food and beverages include:

- Geographical Indications (GI) Act: for agricultural products including foodstuffs other than alcoholic beverages (see below for more information),
- Liquor Act: for alcoholic beverages
- Trademark Law: trademark is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises with a limited but renewable validity

Trademarks

Trademarks are valid for 10 years, renewable. Japan is a signatory to the Madrid protocol. Trademarks are registered with the Japan Patent Office (JPO), which operates under the mandate of the Ministry of Economy, Trade and Industry (METI). JPO provides extensive information on the trademark system in English. This can be found at https://www.jpo.go.jp/e/system/trademark/index.html

GI system for agricultural products including foodstuffs other than alcoholic beverages

The Japanese GI protection system is designed to protect the name of products whose quality, characteristics or reputation is directly linked to a demarcated geographical area.

The GI protection system is regulated by the Act on Protection of the Names of Specific Agricultural, Forestry and Fishery Products and Foodstuffs ("the GI Act") [62], which entered into force in June 2015 and is under the authority of the Ministry of Agriculture, Forestry and Fisheries (MAFF).

The MAFF outlines four specific aims for the GI protection system:

- Regional brand protection and use leading to the revitalization of rural areas and communities;
- Preservation of traditional food culture;
- Protection of consumer benefits; and
- Supporting the export of agricultural, forestry and fishery products and foodstuffs.

The GI Act sets out the scope of the protection system applicable to 42 classes of products, which covers:[63]

- Agricultural products, etc. falling under the classification (category) to which the registered product belongs. Examples of classifications are: Class 1 Grains: rice, wheat, millet, beans, etc.; Class 6 Fresh meat: Beef, pork, chicken, etc.;
- Manufactured or processed products using agricultural products, etc. that fall under the same classifications as registered GI products, as main raw materials or ingredients. For example: If an apple juice drink mainly uses GI apples it can use the GI certification.

The GI act allows for the registration for the protection of foreign products in Japan as well.

Products, which are registered under the GI protection system, are labelled with a specific GI Mark (right). This allows consumers to easily recognize the GI protected product and it proves the authenticity of GI products. The Mark can be used only after fulfilling all the necessary requirements, which are described in Article 3(1) of the GI Act and include[64]:

- Objects to which GIs may be affixed: agricultural products, etc. or their package, etc. that satisfy the following conditions:
    - Produced by a producer who is a member of the registered group of producers;

[62]Geographical Indication (GI) Protection System in Japan; MAFF

http://www.maff.go.jp/e/japan_food/gi_act/pdf/gi_pamph.pdf

[63] Act on Protection of the Names of Specific Agricultural, Forestry and Fishery Products and Foodstuffs (Act No. 84 of June 25, 2014, as amended up to Act No. 108 of December 26, 2016)

http://www.wipo.int/wipolex/en/text.jsp?file_id=431683

[64] Act on Protection of the Names of Specific Agricultural, Forestry and Fishery Products and Foodstuffs (Act No. 84 of June 25, 2014, as amended up to Act No. 108 of December 26, 2016) http://www.maff.go.jp/e/policies/intel/gi_act/ (overview) and

http://www.wipo.int/wipolex/en/text.jsp?file_id=431683 (act in English).

  - Meet the registration standards (the production process has been properly managed by the registered group of producers).
- Persons who may use GIs are:
  - Producers as described above;
  - Persons who received the products directly or indirectly from a producer described above (distributors, retailers, etc.).

As the GI system is still relatively new in Japan, not all relevant domestic products have been officially registered as GIs in the country yet and this impacts GI awareness. Nevertheless, Japan promotes the GI system to make consumers aware of its benefits.

Furthermore, there is a relation between trademarks and GI that is mentioned in the EU-Japan EPA. As such, GIs are also protected under trademark law.

Information on the Japanese GI system from MAFF

MAFF has a webpage, in English, with extensive information on its GI system. This can be found at: https://www.maff.go.jp/e/policies/intel/gi_act/index.html

This includes links to lists of registered and designated GIs (other than alcoholic beverages).

GI system for alcoholic beverages

NTA is the body responsible for GIs for alcoholic beverages. It has a website with extensive guidance on the GI system for alcoholic beverages. This can be found at: https://www.nta.go.jp/law/tsutatsu/kobetsu/kansetsu/151030/index.htm

GIs registered under the EPA

The EU-Japan EPA provides for the recognition and protection of 267 EU GIs (wines, spirits and agri-food products). The original GI list included 211 GIs. This list has been expanded by 28 GIs in 2021 and by another 28 GIs in 2022. It will further be expanded by 27 more GIs in 2023. After this third expansion, the EPA also contains the possibility for more to be recognised in the future if both parties agree. However, future amendments are likely to take more time than the three current ones. More details on this can be found in section 4.3.3.

4.2.5 Relevant authorities for IPR and GI protection and further contacts

Trademarks: JPO

International Affairs Division,

General Affairs Department

3-4-3 Kasumigaseki, Chiyoda-ku Tokyo 100-8915, Japan

💻 https://www.jpo.go.jp/

GIs other than alcoholic beverages: MAFF

Intellectual Property Division, Food Industry Affairs Bureau,

Ministry of Agriculture, Forestry and Fisheries

http://www.maff.go.jp/j/shokusan/gi_act/index.html

Alcoholic beverage GIs: NTA

3-1-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8978

https://www.nta.go.jp/english/index.htm

4.3 International trade

4.3.1 Japan and foreign trade

The Ministry of Economy, Trade and Industry (METI) is in charge of a wide range of economic, industry and trade policies, aimed at fostering a conducive business environment and the promotion of Japan's international trade. The country has been a member of the World Trade Organisation (WTO) and the General Agreement on Tariffs and Trade (GATT) since 1955.

Foreign trade constitutes an essential boost for Japan's economy and its authorities have introduced several facilitation systems in the area of trade policy, such as the Authorized Economic Operator programme or mutual recognition arrangements (MRAs). Furthermore, bodies such as the Japan Bank for International Cooperation (JBIC) and the Nippon Export and Investment Insurance (NEXI) enhance international cooperation as official export credit agencies of Japan, which provide trade and investment insurance.[65] Lastly, Japan continuously aims to improve its international competitiveness by pursuing domestic reforms and harmonizing the institutional framework, as foreseen in the Revitalization Strategy.[66]

Japan is the 5th biggest importer of the world and the world's 4th biggest exporter. Foreign trade makes up around 30% of Japan's GDP.[67] Overall, Japan's most important trade partners are China, the United States, Taiwan, South Korea, Hong Kong and Thailand.[68] Even though foreign trade plays an important role in the country's economy, Japan is not completely open and imposes non-tariff barriers for certain products such as agricultural ones.

4.3.2 Key trade agreements, present, and future

Japan, putting great emphasis on its economic diplomacy, has in force or signed several Free Trade Agreements (FTAs) and Economic Partnership Agreements (EPAs):

[65] Trade Policy Review: Japan; WTO 2017; https://www.wto.org/english/tratop_e/tpr_e/s351_sum_e.pdf

[66] Japan Revitalization Strategy; Ministry of Foreign Affairs of Japan 2014;

http://www.kantei.go.jp/jp/singi/keizaisaisei/pdf/honbunEN.pdf

[67] Japanese foreign trade in figures, https://santandertrade.com/en/portal/analyse-markets/japan/foreign-trade-in-figures

[68] Japan's top trading partners, https://www.worldstopexports.com/japans-top-import-partners/

- **Asia**: Singapore, Malaysia, Thailand, Indonesia, Brunei, the Association of Southeast Asian Nations (ASEAN)[69], Philippines, Vietnam, India, Mongolia.
- **America**: Mexico, Chile, Peru, US.
- **Oceania**: Australia.
- **Europe**: EU, Switzerland, United Kingdom.

In 2022 Japan has ongoing negotiations with Turkey, Colombia, and regarding the Japan-China-South Korea FTA. Previous negotiations concerning the Gulf Cooperation Council (GCC), a potential FTA with several middle eastern countries, as well as negotiations with Korea, and Canada on the other hand are suspended.[70]

The **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**, which includes 10 other pacific rim countries including Australia, New Zealand, Chile and Mexico, entered into force in 2018. Originally the US was also part of the negotiations, but they decided not to move ahead with the Agreement under the Trump administration. The 11 countries that currently are part of the agreement make up over 13% of the global GDP. The UK is negotiating to join the CPTPP.

To make up for leaving the CPTPP negotiations, the US and Japan established the **U.S.-Japan Trade Agreement (USJTA)** that entered into force in 2020. Japan committed to providing substantial market access for the US by phasing out most tariffs, introducing meaningful tariff reductions, and allowing a specific quantity of imports at a lower duty.

The **Regional Comprehensive Economic Partnership (RCEP)** trade agreement is in place since 2022. A total of 15 countries including 10 ASEAN counties as well as Australia, China, New Zealand, South Korea, and of course Japan, are part of the RCEP. As of 2022, it is the biggest free trade agreement worldwide as its members make up about one-third of the world's population and around 30% of the global GDP. Until 2030 this number is forecast to increase, which would make the partnership even more significant.[71] The nature of each trade agreement differs, with various priorities, different scopes and standards. However, in the light of the Revitalization Strategy's goal to strengthen Japan's international competitiveness, the reinforcement of macroeconomic and institutional approaches in Japan have largely impacted the negotiations /re-negotiations of agreements, meaning Japan was pushing its agenda. Generally, Japan aims to get better access to foreign markets, while simultaneously stimulating structural reforms that revitalize the domestic economy. For example, in the negotiations of the EU-Japan FTA, Japan was pushing for the duty-free export of motor vehicles, automotive parts, and electronics. [72] These are important sectors for the country.[73]

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[69] The ASEAN is a regional intergovernmental organisation comprising ten Southeast Asian countries, i.e. Singapore, Brunei, Malaysia, Thailand, Indonesia, Vietnam, Philippines, Laos, Cambodia, and Myanmar.

[70] Free Trade Agreement (FTA) / Economic Partnership Agreement (EPA) and Related Initiatives, https://www.mofa.go.jp/policy/economy/fta/

[71] Explainer | What is RCEP, the world's largest free trade deal that is under way?, https://www.scmp.com/economy/global-economy/article/3161707/what-rcep-worlds-largest-free-trade-deal-under-way

[72] The Japan-EU Economic Partnership Agreement, https://www.swp-berlin.org/publications/products/comments/2017C49_hlp.pdf

[73] https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/japan/eu-japan-agreement/agreement-explained_en#:~:text=Japan%27s%20main%20interest%20is%20in,democracy%20and%20rule%20of%20law

4.3.3 EU - Japan Economic Partnership Agreement (EPA)

The EU–Japan Economic Partnership Agreement (EPA) was concluded after eighteen rounds of negotiations in late 2017 and signed in Tokyo in July 2018. The EU-Japan EPA entered into force on 1st February 2019. In 2022, the agreement is still one of the world's biggest open economic areas, which covers around 30% world's GDP.[74] In the area of agriculture and the F&B market, the agreement is set to remove 97% of the tariff barriers on goods imported to Japan from the EU, with almost 85% of them applying to agricultural products and processed food. Along with reducing tariffs, the EPA addressed also non-tariff measures that constitute a barrier to EU companies' exports. The Agreement therefore facilitates the access of EU enterprises to the highly regulated Japanese market.

When the EPA entered into force it protected 211 European Geographical Indications on the Japanese market, e.g. Chablis, Chianti, Tiroler Speck and Jambon de Bayonne. This means that holders of these GIs are provided with the legal means to prevent the various forms of misuse of these GIs. Under the original EPA agreement, three amendments to the GI list are foreseen. The first one, which added 28 GIs on each side was done in 2021, the second one also added 28 EU and 28 Japanese GIs in 2022 and now the third one, which is expected to add a further 27 GIs each is awaited in 2023.[75] In line with EPA provisions, the possibility exists to add more GIs in common agreement, however this probably will take place at a slower pace than in previous years.

In general, it seems the EPA has a positive impact on the EU trade with Japan. However, due to COVID-19, the growth rate might have been less pronounced lately.

More details per agricultural sector, on GIs, on rules of origin, etc. stemming from the EPA are available at:

- https://www.eu-japan.eu/epa-helpdesk; this website also publishes factsheets on sectors and runs sector-focused webinars from time to time.
- on the Commission website: http://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/
- Handbook on how to export using the EU-Japan Economic Partnership Agreement (EPA): https://www.eu-japan.eu/sites/default/files/publications/docs/EPA-Export-Handbook.pdf

4.3.4 WTO disputes and other trade barriers

Japan is or previously has been involved as a respondent in a total of 16 WTO disputes, many of which concern other sectors than the agricultural one. The six ones involving Japan that relate to agricultural products are identified in the table below (Table 4-3).

Table 4-3: Key WTO disputes involving Japan

Role	Counterparty	Issue	Reference

[74] Japan-EU EPA: Benefits and Backgrounds; MOFA 2018; https://www.mofa.go.jp/files/000013835.pdf

[75] EU-Japan: An additional 28 geographical indications protected by each party, https://agriculture.ec.europa.eu/news/eu-japan-additional-28-geographical-indications-protected-each-party-2022-02-01_en

Respondent	EU	Taxes on Alcoholic Beverages	DS8
Respondent	Canada	Taxes on Alcoholic Beverages	DS10
Respondent	US	Taxes on Alcoholic Beverages	DS11
Respondent	EU	Measures Affecting Imports of Pork	DS66
Respondent	US	Measures Affecting Agricultural Products	DS76
Respondent	US	Measures Affecting the Importation of Apples	DS245

Source: AGRA CEAS based on WTO data

Japan has had two agri-food related trade disputes with the EU. The first one, concerning taxes on alcoholic beverages was raised in 1995 and settled due to a mutually acceptable solution in 1998. According to the complaint, the Japanese liquor tax system at the time discriminated against imported spirits from European communities.[76] The second complaint was raised by the European Communities in 1997 regarding measures affecting imports of pork and its processed products. There has not been an official update on this claim since then.[77]

In addition, a total of five other trade barriers are known that affect EU exports to Japan:[78]

- **Long approval procedure for food additives:** A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain proceeded food products complicated, not possible, or require the need of the exporter to adjust their recipes. This issue is not new but has not been solved so far. Adding new substances to the approved list is cumbersome.
- **Lengthy and cumbersome procedures combined with slow processing of approval of applications for fruit and vegetables:** According to Japanese legislation, formal import authorisation and pest risk assessments are needed for the import of certain fruit and vegetables from the EU. Moreover, there is a list of fruit and vegetables that are not allowed to be imported to Japan. This list can be found here: List of the Import Prohibited Plants (Annexed Table 2 of the Ordinance for Enforcement of the Plant Protection Act)：植物防疫所 (maff.go.jp). Member States of the European Union must send a formal request for lifting this ban.
- **Non- recognition of EU' s regionalisation measures implemented due to African Swine Fever:** Japan bans whole EU countries after an outbreak of African swine fever from exporting fresh, chilled or frozen pork products. For example, Poland has been forbidden from exporting pork to Japan since 2014 and Germany since 2020. This is contrary to international standards for animal health in such situations and contrary to the SPS chapter of the EPA which recognises regionalisation.
- **Restrictions related to outbreaks - Avian Influenza:** According to the Terrestrial Animal Health code of the World Organisation for Animal Health (OIE), trade should not be restricted in cases of outbreaks of low pathogenic avian influenza (LPAI) in wild birds,

[76] DS8, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds8_e.htm

[77] DS66, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds66_e.htm

[78] Trade barriers, https://trade.ec.europa.eu/access-to-markets/en/barriers/results?isSps=&sectors=20&countries=JP&lastUpdated=ANYTIME&showOnlyNew=false&showOnlyResolved=false

captive birds or in poultry, or highly pathogenic avian influenza (HPAI) in wild birds or captive birds. Moreover, if restrictions are necessary, they should be limited to infected areas within a country and should not apply to a whole country. However, Japan has set up countrywide bans after outbreaks of LPAI and HPAI, in cases where there was no regionalisation agreement in place. This is also contrary to the beforementioned EPA provisions.

- **Member States applications on beef and ban due to Bovine Spongiform Encephalopathy (BSE):** In 2001, Japan banned beef imports from the EU because of the risk of them being infected with Bovine Spongiform Encephalopathy (BSE). This ban was not in accordance with international standards set by the OIE as it did not take into consideration the strict control and surveillance measures of the EU which ensure that EU beef products are safe. Japan splits the EU member states into ones that have BSE negligible risk or controlled risk status, and others that have no detection of BSE. The first group has to go through complicated application procedures to be able to send products to Japan, while processes for the second group are easier. Moreover, Japan only accepts meat from animals that are not older than 2.5 years.

Further information, as well as an up-to-date list of trade barriers, can be found here:

Access2Markets Barriers results page (europa.eu)

4.3.5 Summary of key trade barriers

Trade relations between the EU and Japan are very good. Since the entry into force of the EU - Japan Economic Partnership Agreement (EPA) in 2019, their trade relationship grew even stronger. Since 2022 a total of 267 geographic indications are protected. This list could potentially continue to grow in the future.

Nonetheless, there are some barriers to trade that need to be considered when planning to export to Japan. It is particularly complicated to export meat in certain cases because of bans or more complicated import procedures due to Japanese restrictions related to certain animal health diseases such as African Swine Fever, Avian Influenza, or Bovine Spongiform Encephalopathy. Furthermore, exporters of certain fruit and vegetables have to deal with long and complicated procedures and slow processing of approval of applications. Exporters of processed food have to deal with the issue that Japan does not accept the use of certain additives that are generally allowed internationally.

4.4 Operating in the Japanese food and beverage market

4.4.1 Logistical services and transportation infrastructure

Although the country's geography poses undeniable obstacles in building an effective logistics network, Japanese authorities managed to cover all parts of the country with good transportation means. Japan is highly connected and offers an abundance of logistical services.[79] Arranging

[79] About Transport & Logistics, EU Business in Japan; 2018; https://www.eubusinessinjapan.eu/sectors/transport-logistics/about-transport-logistics

logistics and transporting products throughout the country can therefore be carried out using many transportation means, which are set out in more detail below.

Shipping

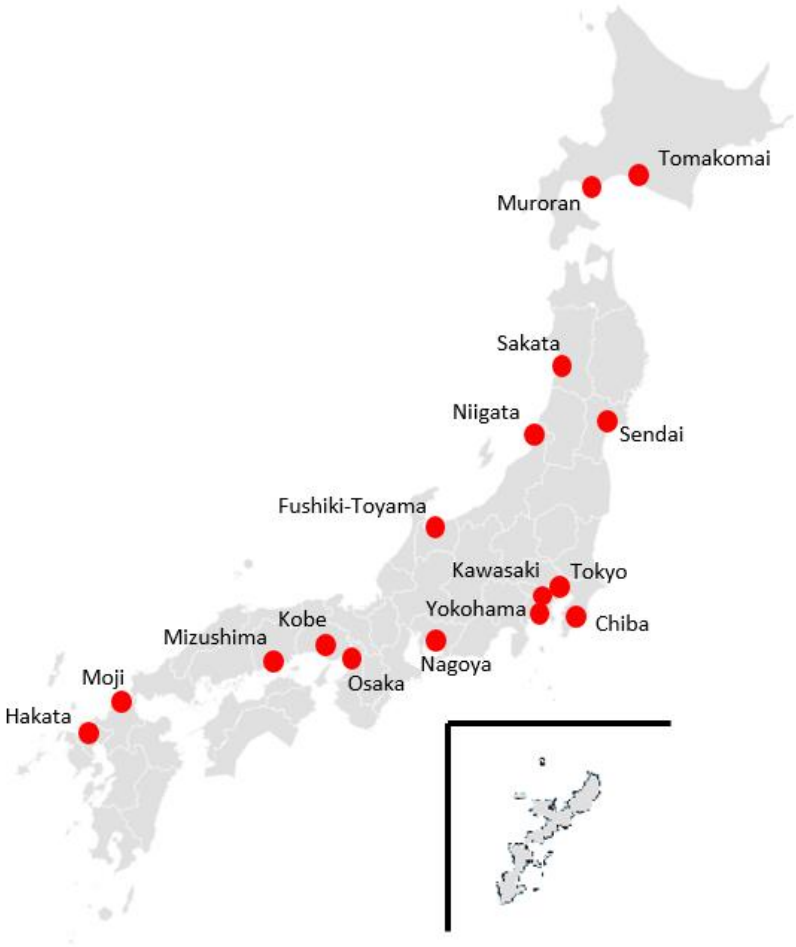
Japan, due to its long thin shape and geographical make up of thousands of islands, has an extensive network of ferry routes, dedicated to both commercial and passenger purposes. Long distances passenger overnight services are very often chosen as a less-costly alternative to high-speed rail travel. Container ships are the standard method chosen when transporting goods to Japan. In total the country has over 300 ports that support its economy and infrastructure. In total the country has over 300 ports that support its economy and infrastructure.

Figure 4-1 presents major ports and shipping terminals in Japan, however, the overall number of other major ports is much higher.[80] In total the country has over 300 ports that support its economy and infrastructure.[81]

[80] The full list of ports, along as their features is provided here: http://www.worldportsource.com/ports/index/JPN.php ;

[81] 5 Major Ports In Japan, https://www.marineinsight.com/know-more/5-major-ports-in-japan/

Figure 4-1: Major ports and terminals in Japan



Source: Agra CEAS based on various.

Air freight

Japanese aviation infrastructure is one of the largest in the world; the country has almost 100 airports, with an abundance of regional, and joint use airports.[82] The full list of airports can be consulted on the website of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).[83] The air transport sector is a major contributor to Japan's economy. The air transport sector employs over 300 000 people in the country directly and an additional 200 000 indirectly. The country accounts for approx. 5% of global air traffic and generates about 10% of the global airline

[82] About Transport & Logistics; EU Business in Japan; 2018; https://www.eubusinessinjapan.eu/sectors/transport-logistics/about-transport-logistics

[83] Airports in Japan; MLIT; http://www.mlit.go.jp/koku/15_hf_000124.html

industry revenues.[84] Cargo airports are regarded as well-equipped and responding to the diversity of needs by offering a wide range of handling services and aiming at being "multifunction airports". The top five main air cargo routes are between Japan and the United States, the Republic of China, the Republic of Korea, Chinese Taipei, Hong Kong (SAR), and China.[85] The main International Airports are depicted in Figure 4-2.

Figure 4-2: Main international airports in Japan



Source: Agra CEAS based on various.

[84] About Transport & Logistics; EU Business in Japan; 2018; https://www.eubusinessinjapan.eu/sectors/transport-logistics/about-transport-logistics

[85]The air transport sector makes a major contribution to Japan's economy, https://www.iata.org/en/iata-repository/publications/economic-reports/japan--value-of-aviation/

Rail freight

The railway network in Japan, with its length reaching above 27 000 km, is extensive, advanced, and allows smooth travelling throughout the entire country. More or less 70% of the country's railway network is owned and operated by Japan Railways. In addition, there are dozens of private railway companies, operating regionally or having extensive networks in Japan in particular close to and in metropolitan areas. Some of the smaller operators only have a single line, while others operate extensive networks. Some of the most important private railway operators include but are not limited to the following: Meitetsu in greater Nagoya, Kintetsu in Greater Osaka, Nishitetsu in Greater Fukuoka, and Tobu in Greater Tokyo.[86] Shinkansen, Japan's high-speed trains, reach almost every corner of the country (Figure 4-3).

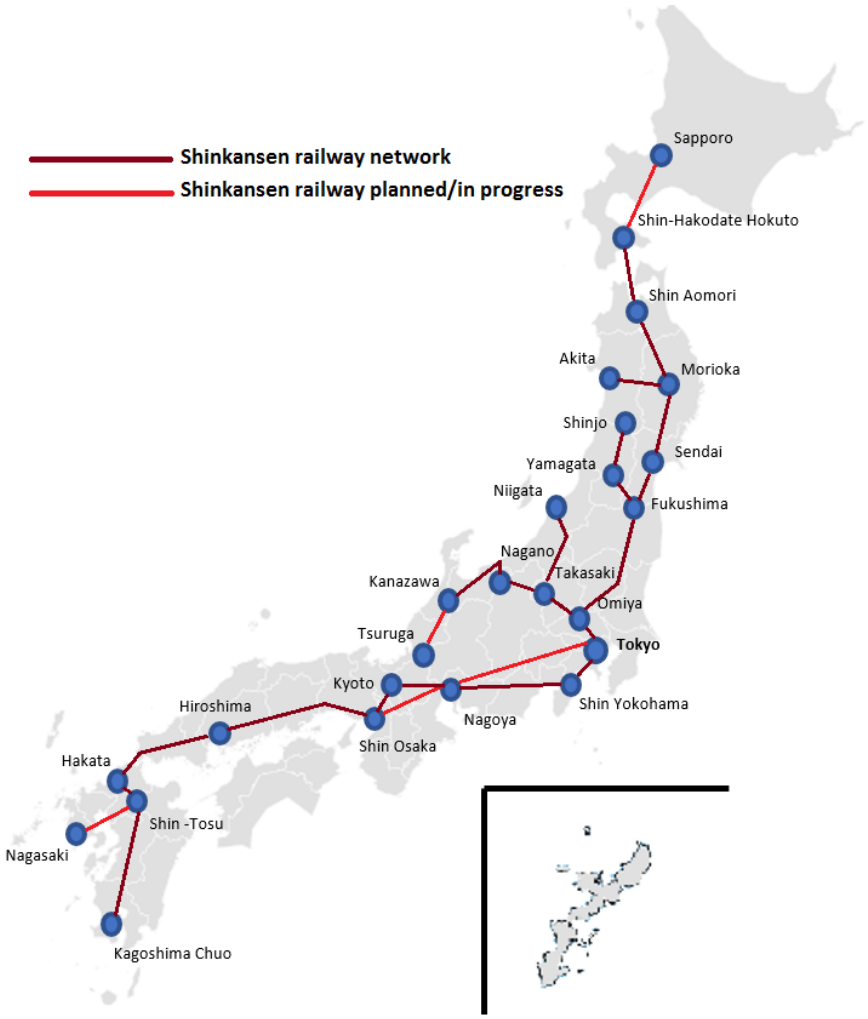
However, there is only limited railway freight transportation, making up to 5% of the domestic cargo in terms of volume[87]. Rail freight is mostly used in high in bulk commodities, such as oil, cement or chemicals, but its share in manufactured goods is low. This is due to the pressure for rapid delivery, that road freight can offer as well as higher railway personnel costs, increasing the final freight expenditure. In Japan, 99% of railway freight transportation is carried out by JR Freight company.[88]

[86] Trains, https://www.japan-guide.com/e/e2019.html

[87] About Transport & Logistics; EU Business in Japan; 2018; https://www.eubusinessinjapan.eu/sectors/transport-logistics/about-transport-logistics

[88] Japan Freight Railway Company https://www.jrfreight.co.jp/

Figure 4-3: Shinkansen railway network in Japan



Source: Agra CEAS based on various.

Road freight

The greatest share of freight transportation in Japan is carried out through the extensive road network (approx. 90%).[89] However, the sector is currently facing problems with declining growth in demand for transportation, shortages of truck drivers and fluctuations in fees.[90]

Japan's road freight industry had a value of approximately EUR 140 billion in 2020. This amount is forecast to grow in the coming decade despite the sector's problems. The growth is driven by the good performance of the e-commerce industry as well as by the growth of the Japanese

[89] Japan Trucking Industry: annual report 2018; http://www.jta.or.jp/coho/yuso_genjyo/yuso.html

[90] About Transport & Logistics; EU Business in Japan; 2018; https://www.eubusinessinjapan.eu/sectors/transport-logistics/about-transport-logistics

manufacturing industry. The COVID-19 pandemic had a positive impact on the road freight market to some extent as more customers started to order food and groceries online.[91]

4.4.2 Distribution – retail channel overview

Distribution channels in Japan are often multi-layered, interacting with wholesalers, manufacturers, importers, retailers etc. and can rely on a strong network of contacts as well as personal relationships. However, it also may vary from sector to sector. The multi-layer level may also imply that the price of the distribution can be higher at the end of the process rather than at the beginning.[92]

Supermarkets

Japanese supermarkets are organised in a similar way as in EU countries, with all major food groups available. Japan has many different Japanese supermarket chains that can be found across the country, or in certain regions. These include chains such as Maruetsu, Izumiya, Seiyu, Daiei, Ito-Yokado, ÆON, Life, and Tobu Store. Besides the Japanese chains, international supermarket chains are present in Japan as well including Kaldi Coffee Farm, Seijo Ishii, Jupiter Import Foods, Kinokuniya (in Tokyo), National Azabu (in Tokyo), and Costco.

Overall there are close to 6 000 supermarkets in Japan. The top five chains are currently the native AEON, Seiyu, Ito-Yokado, Life, and Inageya chains. AEON is the top supermarket chain that had a sales revenue of close to EUR 15 billion in 2020, which is a market share of close to 14%. In the same year, all supermarkets in Japan together generated a value of more than EUR 109 billion. Food and beverages made up the biggest part of the revenue.[93]

It may be possible to sell directly to large supermarkets, though in order to do so, it may be necessary to provide large volumes (e.g. full container loads; particularly in the case of lower value “commodity” items). Supermarkets may also have their own criteria for import and sale which are additional to the requirements of Japanese legislation. As these vary by supermarket, it is best to talk to the targeted supermarkets directly.[94]

Department stores

The first department stores opened at the beginning of the 19th century in Japan. Before the introduction of department stores, so-called *kimonomo* stores existed during the Edo and Meiji periods that offered luxurious goods. These stores were probably most similar to present-day department stores in Japan.

Department stores can usually be found in large cities. They often comprise a few levels high buildings that are organised in a specific way and offer many luxurious goods (including pre-packaged food items) as well as known brands. Department stores in Japan offer a variety of

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[91] Japan Road Freight Transport Market Size| Strategic Assessment By Top Players, Current Trends, Segmentation, Forecast 2022-2031, https://www.marketwatch.com/press-release/japan-road-freight-transport-market-size-strategic-assessment-by-top-players-current-trends-segmentation-forecast-2022-2031-2022-06-01?mod=search_headline

[92] Distribution Channels; EU Business in Japan; 2018; https://www.eubusinessinjapan.eu/issues/operational-issues/distribution-channels

[93] Top 5 Grocery and Supermarkets in Tokyo, https://cotoacademy.com/top-5-supermarkets-in-tokyo/#:~:text=Japan%20offers%20a%20variety%20of,of%20foods%20and%20home%20supplies.

[94] A Guide to Japan's Supermarkets, https://en.japantravel.com/guide/a-guide-to-japan-s-supermarkets/68111

interesting and often high-quality food products such as through fancy cafés or large food markets.[95]

As such department stores are very often chosen by customers when buying gifts such as high-quality wine and other alcoholic drinks, or high quality chocolate in pretty packages. They are also popular dining destinations, as the top levels of department stores offer different types of restaurants. Some popular department store chains in Japan are Isetan-Mitsukoshi, Takashimaya and Daimaru-Matsuzakaya. Some other chains exist as well but often only have their stores in certain areas of the country or certain cities.

Due to the economic slowdown and the increased competition from many retailers as well as online shops, department stores in Japan have a more difficult time keeping their customer base.[96]

Convenience stores

Convenient stores, also called *konbini* are often visited by the Japanese throughout the day. The number of convenience stores has increased significantly in recent years. Japan has about 50 000 convenience stores in 2022. It is very common for convenience stores to have in its offer ready-to-eat meals (REM), as their popularity has been continuously increasing with a large number of Japanese missing the kitchen facilities to cook more complicated meals. In addition, convenience stores usually offer bill payments, delivery services or ATMs.

Competition between the main operators such as Seven Eleven, Family Mart and Lawson is high. As a result, these stores always try to introduce new innovative products and increase the level of convenience they offer in their shopping experience. Smaller chains such as Circle K Sunkus, Ministop and Daily Yamazaki exist as well. [97] They are often situated in a city's residential areas or train stations. Many convenience stores are even open 24 hours a day every day of the week.[98]

Food markets

Food markets are popular in Japan and many locals like to visit them. In particular fish markets in coastal regions are popular as they usually offer high quality and very fresh local products, as well as morning markets in rathe rural towns, and large wholesale markets in bigger cities. [99]

Consumer co-operatives

Japan has a long history of co-operatives, including consumer co-operatives, membership of which comes through a fee. Japan Consumer's Cooperatives Union (JCCU) is the largest consumer co-operative in the country. Around 314 consumer co-ops and consumer co-op unions are part of the JCCU. Their total business turnover is around EUR 28.4 billion.[100] Among its activities, it supplies food and necessities to members through both store operations (it has over

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[95] Inside Japan's cutting-edge luxury retailers, https://www.voguebusiness.com/consumers/japan-luxury-retailers-restir-gr8-four-eyed-dover-street-market

[96] Department stores, https://www.japan-guide.com/e/e2072.html

[97] Major Convenience Store Chains In Japan, https://touristjourney.com/convenience-stores-japan/#:~:text=Major%20Convenience%20Store%20Chains%20in%20Japan&text=The%20three%20leaders%20are%207,city%20and%20in%20train%20stations.

[98] Convenience stores, https://www.japan-guide.com/e/e2071.html

[99] Markets, https://www.japan-guide.com/e/e2452.html

[100] What is JCCU?, https://jccu.coop/eng/

2 500 stores) and delivery. It has traditionally been known for high quality and ethical products, driven by its community nature – and hence has played important roles in the distribution of products such as organic ones. Co-operative members tend to be older than average.

Hotels, restaurants, and cafés

The importance of dining out has significantly increased in recent years, as it is connected to changes in dietary habits and consumption patterns. However, due to the COVID-19 pandemic and related lockdowns and other measures, this trend has recently declined. That said, even though COVID-19 still impacts lives in 2022, people have started to go back to normal and an increasing number is also going back to dining out.

Prior to the COVID-19 pandemic, the majority of Japanese usually dined out several times per week, both on business and social occasions. In contemporary Japan, international restaurants are abundant, however, places offering Japanese cuisine are among the most frequently visited restaurants. As previously noted, major cities are home to plenty of high end restaurants, as reflected by the high number of Michelin star restaurants (Japan is home to the highest number of Michelin star restaurants per capita in the world).

There have been also changes concerning ownership. Traditional family "mom and pop" restaurants have increasingly been disappearing at expense of new chain-style restaurants.[101]

Sourcing methods of the food service sector depend on the size and ownership structure. Larger food service operations (including chains) will generally purchase ingredients from wholesalers and food service distributors; and for some products such as alcoholic beverages, successful small importers may have exclusive sales agreements with restaurants and hotels. Smaller individual operations may purchase retailers or cash and carry operations.

e-Commerce

The e-commerce sector in Japan has been continuously growing. The growth increased further with the start and during the COVID-19 pandemic. Due to lockdowns and other measures people were increasingly spending more time at home. Furthermore, some people were or still are afraid to become sick if they spend too much time outside in crowded areas. As a result, many Japanese switched to ordering their groceries or prepared food online and getting it delivered. Thus, the e-commerce foodservice industry is one of the main beneficiaries of the COVID-19 pandemic. The large grocery retailers in the country also benefited from consumers ordering food and drink products online.[102] To keep up with the new demands these retailers introduced new services including drive-through pick-up and click and collect. Some of the major players in the e-commerce area in Japan are Amazon, Rakuten and Yahoo! Japan Shopping.[103]

[101] Food Service - Hotel Restaurant Institutional, Japan HRI Food Service Sector Report 2017; USDA Gain Report JA7519; 2017; https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Tokyo%20ATO_Japan_12-22-2017.pdf

[102] Euromonitor International, Passport (2021). Country Data Japan.

[103] Top 10 Ecommerce Sites in Japan, https://ecommerceguide.com/top/top-10-ecommerce-sites-in-japan/

4.4.3 Intermediaries

When working with Japanese importers there are no specific criteria concerning the minimum quantity or value that are normally requested. Nevertheless, certain channels are more popular than others and a preferred frequency of delivery usually exists. The requested frequency of agri-food goods using air transport delivery is normally every day or every two days, whereas the frequency of those using ocean transportation is once a week to once a month. Air freight in total needs between three to five days to arrive because of freight and customs declarations. Sea shipments from the EU take between 30 to 40 days to arrive. The chances of a smaller company handling small-lot imports and short delivery times are fairly high. The main ports at which agri-food shipments arrive are the Yokohama Port and Kobe Port, whereas the main Airport is Narita Airport.

More information on possible partners is presented in the following subsections.

Distributors/Sales Agents

This is one of the most common routes for SMEs to export agri-food products to Japan, due to the knowledge of this category of partner of local business, language and customers.[104]

Distributors generally take care of everything starting from sales promotions to contracts, sales, and after-sales services for imported products. A manufacturer sells their product to the distributor at a specific price set in a distributor contract, and the distributor resells the product afterwards to Japanese consumers. This means the distributor decides the market selling price. Usually, a distributor aims to sell a product for 30% to 40% more than the amount they paid the manufacturer.

Sales agents work for the customer as sales representatives and thus receive sales commissions e.g. success fees. Manufacturers / exporters need to take care of all payment collection, inventory, and complaint handling in sales.

The differences between distributors and sales agents are crucial, as distributors are also customers, buying a product and reselling it, whereas sales agents sell products on a company's behalf.

There are three ways of entering the Japanese market with the assistance of these business partners:

- *Indirect business with clients via agent*: tailor-made strategies aimed at finding the customers. Agents tend to operate in specific industries / environments / with certain products, therefore often finding the right agent might take a while.
- *Indirect business with clients via non-exclusive distributor*: negotiating with more than two distributors is possible, however, it is important to bear in mind that most Japanese distributors operate nationwide, thus allocating products locally using separate distributors may pose a challenge.
- *Indirect business with clients via a sole-representative:* selecting a Japanese distributor as sole-representative, who could help to identify tailor-made service marketing to reach

[104] Selling Through Intermediaries; EU Business in Japan 2018; https://www.eubusinessinjapan.eu/issues/entry-strategy/selling-through-intermediaries

appropriate clients. Strong and proactive management of the business relationship with the intermediary is crucial when using this method.

Table 4-4: Positive and negative aspects of distributors

Positive aspects	Negative aspects
• There is no language problem because distributors generally speak Japanese and English. • Distributors understand how the Japanese market functions and thus know how to win consumers. • Distributors are responsible for promotion, sales, aftersales services, etc.	• Distributors are pricier than sales agents. • The distributor determines the selling price of items (in case there is a distributor contract). • Working with a distributor includes high transport costs, trade barriers, import tariffs and exchange rate fluctuations.

Considering the pros and cons, the distributor system might work well for EU producers who aim to expand their sales channels as fast as possible.

The biggest distributor in Japan is Seven & Holdings Co., which is a diversified retail group. Some other well-known distributors of agri-food products in Japan are the National Association of Supermarkets and the Japan Chain Store Association.

Table 4-5: Positive and negative aspects of sales agents

Positive aspects	Negative aspects
• Sales agents have a very good understanding of local business customs and plenty of personal networks and connections. • Sales agents are cheaper than distributors. • Sales agents enable direct communication between manufacturers / exporters and customers.	• Working with sales agents leaves more work for manufacturers / exporters compared to distributors. • The burden on the manufacturer / exporter is larger in a sales agent contract than in a distributor contract. • Some sales agents only help only in the initial stages of market entry.

Wholesalers

Wholesalers are very common in Japan. As business partners, they purchase goods from foreign companies and cooperate with numerous retailers. They take care of everything starting with sales promotions to contracts, sales, and after-sales services. Wholesalers remain essential in a variety of sectors for many functions such as logistics, information exchange, promotion or assortment; though in some cases retailers prefer to deal directly with producers if possible.

Lately, wholesalers have been giving priority to the frequency of small quantity delivery, accepting returns on unsold goods as well as providing special discounts to loyal clients.[105] Nonetheless,

[105] Small quantity delivery occurs due to limited space of retail stores in urban locations.

large volumes e.g. full container loads may be required for the import of commodity items by larger wholesalers. In principle, there are two types of wholesalers operating in the Japanese market:

- Import/export wholesalers, providing logistics management, information treatment, promotion and product selection.
- Wholesalers offering storage services, until the Japanese retailer needs the product.

Some popular Japanese general trading wholesalers are Mitsubishi Shokuhin (food, in particular fruit and vegetables), Nippon Access, Inc. (general food), KOKUBU GROUP CORP (general food), KATO SANGYO CO., LTD, (alcoholic drinks and food), Lacto Japan (dairy, cheese, meat, confectionery, beverages), and Hinoya Co Ltd. (alcoholic drinks).

Businesses corporations (*Keiretsu)*

Foreign companies in Japan often collaborate with Japanese trading companies, forming networks, such as vertical *Keiretsu*, which are large groups of related companies with common interests. These can dominate Japan's distribution and sales system in certain areas. Their network usually covers the route from factory to retail outlets and involves trade obligations between manufacturers, wholesalers, retailers etc., restricting interactions with other organisations.[106]

Through these collaborations, manufacturers can increase the number of stores for example that offer their product, without having to invest a lot. As the investment is small, there will not be major losses if the store does not do well. By being affiliated with a specific manufacturer the store then receives preferential supply in return.

Trading Houses

These play a significant role in Japan's modern economy, operating in many business fields, i.e. investment, services and industry development. Bulk orders are common when collaborating with trading houses because these companies can use their trading experience, logistics, negotiations with suppliers and networks in Japan to manage such orders. Working with trading houses might be more expensive than other partners due to the large volumes and because they take care of everything from the manufacturer in the EU to the end consumer in Japan. There are two types of trading houses:[107]

- *Sogo Shosha* – general trading companies with a wide range of products and materials. These companies take part in logistics, plant development, international resource exploration and others. This business model, with its greatly diversified business lines, is unique to Japan. Due to the scale, they are not particularly suitable as an intermediary for SMEs entering the market. The main Shosha include Mitsubishi Corporation, Mitsui & Co., Sumitomo Corporation, Itochu, Marubeni, Toyota Tsusho and Sojitz.
- *Senmon Shosha* – smaller trading companies specializing in a limited range of products. These may be more suitable for smaller agri-food SMEs entering the market.

[106] The realities of business in Japan: Distribution channels; O. Van Benede; 2016 https://www.eubusinessinjapan.eu/library/e-learning/presentation-the-realities-of-business-in-japan

[107] Brief Guide for European Companies on Importers and Wholesale Distributors in Japan (food and wine; ICT; medical devices sectors); A.Tomaskova; 2015;

https://www.eu-japan.eu/sites/default/files/imce/reports/MINERVA/brief_guide_ppt.pdf

Best partners for SMEs from the EU

Small or medium sized enterprises with the aim to start exporting products to Japan might utilise the service of a small trading house to start with. The reason behind it is that these companies usually do not have the needed know-how regarding import, distribution and sales expansion. Working with a trading house is less risky in comparison with a distributor or sales agent, though these channels offer interesting alternative paths.

It might also be helpful for SMEs from the EU to participate in trade shows to start their business partnerships with Japanese companies. Another strategy is to send product samples to Japanese buyers. These buyers like to use samples to see if a product would work on the market and maybe to suggest ways to adjust it. EU exporters should know that it takes a reasonable amount of time until the business starts, even after samples are sent.

Some general points to consider when dealing with an importer/partner:

- Exporters should educate themselves about the general business manner for communications, deadlines, payments, etc.
- Do not try to sell products to large Japanese wholesalers and retailer chains because without an importer's office being located in Japan, these companies do not directly work with foreign companies as a general rule.
- Many importers are focused on a region. Thus, EU exporters should choose an importer that is specialised in a product's country of origin (as well as in the category of the product).
- Building a good relationship with one's partner is the key to success.
- Certain importers such as large trading companies provide a full partnership model as well as marketing support in combination with supply chain management, or warehouse, logistics, fulfilment, inventory management, etc. It is advised to resist these and only to pick what suits one's business.
- Many Japanese companies contact embassies, chambers of commerce or national/ regional trade promotion organisations when looking for new opportunities. These resources can be leveraged by exporters entering the market (lists are provided in section 8).
- Exporters should make sure to have all approved documentation needed in place and to follow manufacturing, labelling, and packaging regulations to not lose time when trying to enter the market.
- Salespeople and customer support employees need to be able to speak Japanese. A company's website must be available in Japanese as well to avoid cultural and linguistic problems.
- A faster way to enter the market is to team up with a non-Japanese importer with subsidiaries in Japan as it takes a long time to build a trusting relationship with Japanese importers.
- Exporters should be willing to visit Japan to understand the market and distribution system.

Business Contact Database:

A database of importers, wholesalers, retailers and distributors can be found in Annex II.

N.B. due diligence will have to be performed for any contacts on this database as no warranty is given as to the standing of these individuals, organisations or firms and no corresponding responsibility or liability is accepted by the authors.

4.4.4 Business environment

Japan is still used as a synonym for quality and innovation, which still makes it a major market for international business. The Tokyo Stock Exchange is the second biggest one in Asia. There are certain etiquette matters to be considered when doing business with Japanese partners. Personal initiative and customer expectation management as well as strong business connections prior to the actual distribution activity are strongly advised when entering the Japanese market. It is also well received when the salespeople are based in Japan, so the customer support is carried out locally. Integrity, respect and patience for one's business partner's customs, as well as a longer term outlook to business success are important to be successful in the country.[108]

4.4.5 Key operational considerations and challenges: summary

Key challenges to bear in mind when operating in the Japanese market are:

- Distribution chains in Japan can be complex due to the many layers involved. Products may go through several "middlemen", before reaching the end customer. Therefore, as indicated above, it is vital for European companies to consider business relationships with an appropriate intermediary, who can provide guidance and expertise, as well as, due to Japanese business environment specifics, be able to reach the consumer. It must be remembered that the Japanese F&B market has been continuously competitive. There are several reasons for this:[109]
    - Persisting deflation, lowering profit margins of intermediaries and producers
    - New F&B wholesalers and retailers emerging
    - The rise of e-commerce, which has an influence on the structure of distribution channels
- In the current distribution system, it is generally important to deliver frequently due to the emerging trend for small quantity deliveries, caused by limited space. These restraints are particularly common in urban locations. Moreover, there are legal restrictions when it comes to setting up a warehouse as laid down by the Warehouse Industry Law which

[108] Why Do Business In Japan?, https://exporttojapan.co.uk/guide/getting-started/why-japan/

[109] Brief Guide for European Companies on Importers and Wholesale Distributors in Japan (food and wine; ICT; medical devices sectors); A.Tomaskova; 2015;

https://www.eu-japan.eu/sites/default/files/imce/reports/MINERVA/brief_guide_ppt.pdf

confirms the importance of finding the appropriate business partner in Japan, who is able to efficiently sort out legal issues and/or further business partners. [110]

- Even though the country is well connected most business opportunities are likely focused in large urban centres such as Tokyo, Yokohama, Osaka, Nagoya and Sapporo.
- It is important to respect Japanese culture and traditions as well as regional differences. It is highly important to properly analyse the region that is being targeted to conduct business in.
- English is taught at school, however, only about 30% of the Japanese population can speak it, and less than 10% is fluent in it. Thus, it is better not to expect a business partner to be completely fluent in English even though people working in the international business world are likely to speak some English in general. The knowledge of some basic Japanese phrases can be helpful and is appreciated by the Japanese.[111]
- As Japan geographically is quite far away from the EU it is important to make sure to set up online meetings during a time that is also convenient for Japanese counterparts.
- Figure 4-4 below shows the currency exchange rate between the Euro and Japanese Yen for the past five years (mid-2017 to mid-2022). This graph highlights a fair level of fluctuation that occurs between the currency exchange rate of the Euro and the Japanese Yen. Between this period, 1 EUR has equated from a rate ranging from 1 EUR = 115 Yen in May 2020 to 1 EUR = 144 Yen in June 2022. These fluctuations and their potential impact on the viability of imports / earnings from exports should be borne in mind.

Figure 4-4: Five-year evolution of the EUR-YEN currency exchange rate: 2017-2022



Source: XE Currency converters: Euro to Japanese Yen exchange rate chart, available at https://www.xe.com/currencycharts/?from=EUR&to=JPY&view=5Y

[110] Distribution and Logistics Industry; Support Gyouseishoshi Law Firm; http://gztoworld.com/distribution-logistics

[111] How Widely Spoken is English in Japan?

Written by admin in Asian Languages, https://howwidelyspoken.com/how-widely-spoken-english-japan/

4.4.6 Other relevant information

Methods of payment in Japan

The Japanese market offers numerous payment methods. The main ones used are explained below:

- **Credit Cards:** Just like it is the case in many areas of the world, the most used payment method in Japan are credit cards. They are the preferred payment method for about 60% of the population.
- **Cash:** Paying cash is the second most popular method of payment in Japan. Cash is the preferred method of payment for about 10% of the population. It is particularly used often for small amounts.[112]
- **Digital Wallets:** The popularity of digital wallets is on the rise partly due to the government's efforts to boost cashless payment in Japan but overall because of the continually ongoing digitalisation in general. PayPay, Rakuten and LinePay are the fastest growing mobile wallets. Already in 2020, prior to the COVID-19 pandemic, about 20% of the population was using digital wallets as a payment method. This number is forecast to continue to increase in the coming years. It is important for businesses to also offer digital wallets as payment options to be successful in the Japanese market.
- **Bank Transfers:** About 98% of Japanese have at least one bank account. As a result, bank transfers are another popular payment method as well in certain circumstances. In the country, it is common to use bank transfers to send money to companies directly, which is why it is important for those businesses that work with Japanese companies.[113]
- **Bills and cheques**: These are mostly used by government agencies and firms, but not by the average Japanese.
- **Debit cards**: Debit cards are not as widely used as credit cards, yet still common in Japan.

Travel from the EU to Japan

Travel from the EU to Japan requires a valid passport and visa obtained from a Japanese embassy, consulate or diplomatic mission abroad. Even in case of a short stay (up to 90 days), temporary visitors from the EU do require a visa to enter Japan if they do not have a re-entry permit. Previously this was not the case.[114][115] During "temporary stay business visa" visits, business operators are allowed to carry out the necessary business operations such as meetings, negotiations, contract signing, after-sales service, advertising, market research and other such short-term professional activities. However, engagement in paid employment is not permitted.

[112] Money, https://www.japan-guide.com/e/e2196.html

[113]The Ultimate Guide to Japan's Payment Methods, https://www.rapyd.net/blog/japans-payment-methods/

[114]EU Citizens Now Need a Visa to Enter Japan, https://www.schengenvisainfo.com/news/eu-citizens-now-need-a-visa-to-enter-japan/#:~:text=The%20Ministry%20of%20Foreign%20Affairs,Japan%2C%20SchengenVisaInfo.com%20reports.

[115] Exemption of Visa (Short-term Stay); Ministry of Foreign Affairs of Japan; 2017; https://www.mofa.go.jp/j_info/visit/visa/short/novisa.html

When considering a Work Visa, there are additional application forms involved, depending on the working status.[116]

Up to date information on VISA requirements and residing in Japan can be consulted on the website of the Ministry of Foreign Affairs of Japan: https://www.mofa.go.jp/j_info/visit/visa/index.html

[116] Visas and Status of Residence; JETRO; https://www.jetro.go.jp/en/invest/setting_up/section2/page4.html

5 Market Snapshots for Selected Products

This section provides specific information for various food and beverage categories and products. This information covers three main categories:

- **Consumption**: data on the evolution of consumption; consumer profiles and any notable consumer trends;
- **Offer**: domestic production; imports and exports; the competitive landscape; relevant specific customs procedures/import considerations;
- **Distribution**: main distribution channels used; domestic and imported offer.

Furthermore, each category contains a SWOT analysis and a key takeaways message.

Fresh meat	**Fresh fruit and vegetables**	**Dairy**
Wine	**Spirits**	**Olive oil**
Chocolate confectionery	**Beer**	**Pasta**
Sugar confectionery	**Processed meat**	**Baby food**
Biscuits / cereal bars	**Baked goods**	**Processed breakfast cereal**

5.1 Fresh meat

5.1.1 SWOT analysis

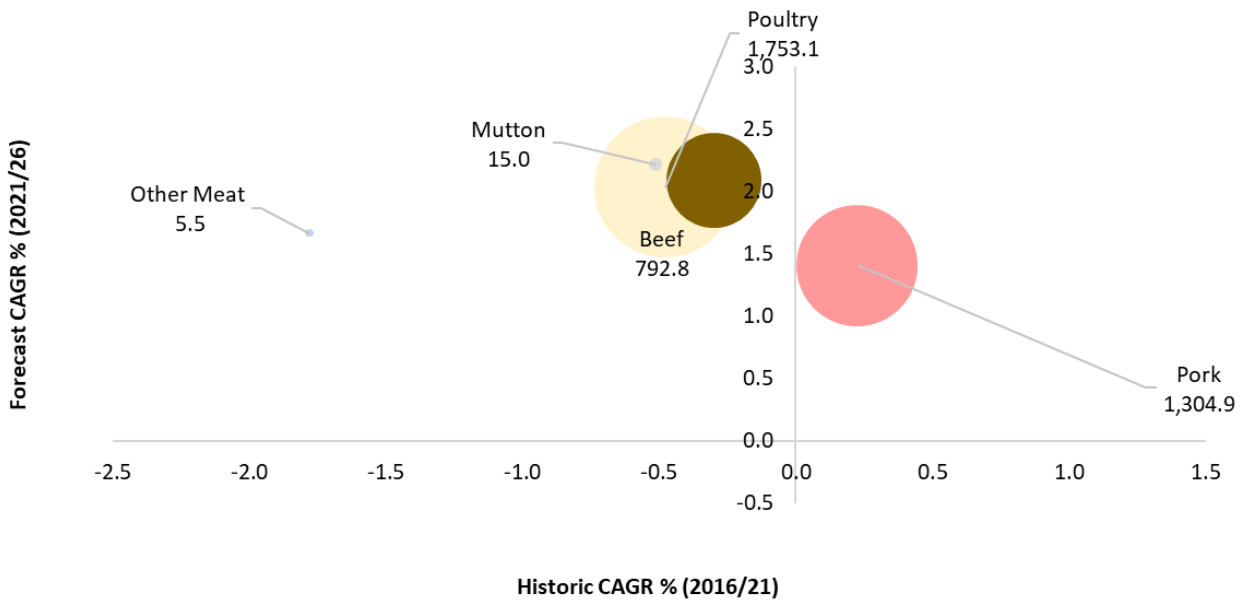
STRENGTHS (+)	WEAKNESSES (-)
▪ Japanese total meat consumption is growing again after a pandemic-provoked dip. ▪ EU-Japan EPA to facilitate the growth of fresh meat exports from the EU to Japan. ▪ Japanese domestic production lags far behind demand in the country.	▪ Older consumers are likely to abstain from heavy fresh meat consumption in favour of fresh seafood. ▪ Consumers are increasingly concerned about the environmental impact of heavy meat consumption. ▪ EU is largely only a major player in the exportation of swine (pig) meats, lagging in the exportation of other fresh meats.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Fresh meats that have been vacuum packed are growing in popularity. ▪ Demand increasing for fresh meats with high protein content. ▪ Foodservice and retail sector reopening post COVID-19.	▪ The longstanding presence of fresh meats from Australia, Canada and the US. ▪ Demand for plant-based alternatives is growing in Japan. ▪ Transpacific partnership agreements grant competitors such as Canada, Mexico and Australia increased access to the Japanese market. Several other competitors such as the UK and China have touted to also join the CPTPP.

5.1.2 Consumption

Evolution of consumption

Figure 5-1 below shows that poultry is the most popular fresh meat product in Japan with a total volume of 1.75 million tonnes. Poultry consumption shrank by a compound annual growth rate (CAGR of -0.5% between 2016 and 2021; looking ahead, the CAGR of poultry is forecast to increase to 2.0% between 2021 and 2026. Poultry will remain the most popular fresh meat in Japan. Pork is the second most popular fresh meat product in Japan with a total volume of 1.30 million tonnes. Pork is also the only growing fresh meat product in Japan in recent years with a CAGR of 0.2% between 2016 and 2021. Looking ahead the status of pork as the fastest growing fresh meat in Japan will change as pork is predicted to grow at a lower CAGR than the other categories at about 1.4% between 2021 and 2026. Beef has a total volume of 790 000 tonnes and is expected to grow at a CAGR of 2.1% between 2021 and 2026. Mutton is a smaller category with a total volume of 15 000 tonnes in 2021, yet it is forecast to grow with the highest CAGR at about 2.2% between 2021 and 2026. Other meat products have a total volume tonne of 5 500 tonnes and are expected to grow by a CAGR of 1.7% between 2021 and 2026.

Figure 5-1: Evolution and forecast of the fresh meat market in Japan, 2021-2026; total volume (000 tonnes)



Source: Euromonitor International: Fresh Food, 2022.

Consumer profile and purchase criteria

Consumers

The westernisation of the Japanese diet and the increasing importance of food service (despite declines due to the outbreak of COVID-19) has brought more interest in meat-based dishes. Japanese consumers often choose poultry in particular; it is the most popular kind of meat, though fish and seafood remain more popular due to their importance in *washoku* (traditional Japanese cuisine). Poultry's popularity is mostly due to its relatively low price and positive health benefits, as poultry is regarded as a vital source of protein. Pork is chosen more often than beef, which is due to its more affordable price for daily consumption. That said, beef consumption has stabilised among consumers, which enjoy breeds such as Angus, offering a good meat-fat balance. Interestingly enough, consumption of beef is generally considered to be greater in Western parts of Japan, with Kyoto prefecture being the area where beef is consumed the highest.

A breakdown of consumer groups for fresh meat is presented below:

- ***Geography.*** If Japan is divided into three parts based on geography: upper, middle, and lower part, consumers of each part have different meat-eating habits. Consumers in the upper regions prefer pork, the middle region beef, and chicken is preferred in the lower region. Consumers in the west prefer beef and chicken, and the east prefer pork. Lamb is particularly popular with consumers in the north.
- ***Urban Consumers*** in Japan account for 91% of the population and are the main consumer group of fresh meats in Japan (not just overall, but in per capita terms). Consumers appreciate the convenience of fresh meats such as poultry for cooking and consuming, particularly when compared to fish which has been the more traditional fresh

protein source consumed in Japan. Urban consumers have access to fresh meats in both the retail sector and food service sector with a number of innovations impacting consumption patterns in recent years. Korean BBQ outlets are a rising food service outlet present in Japanese cities offering a selection of fresh meats, although many Japanese restaurants have slowly started to also adopt this practice of offering a range of meats.
Income Class. Fresh meat consumption is influenced by income class with the price of fresh meats in Japan being more expensive than in other nations in the region. A combination of a lack of arable land coupled with the need to import a wide variety of fresh meats helps to push up the price of fresh meats (although poultry meats are affordable for most consumers). Due to this, consumers of fresh meats such as beef, lamb and pork are more likely to be consumers of a middle or higher income class. Poultry may be more universally consumed.

- ***Younger and middle-aged consumers.*** Consumers aged between 20 and 40 years old are the biggest meat consumers in Japan. They often view meat to be more energising than other food categories. Japanese consumers of this group are forecast to continue to eat meat at least once per week as it is a staple food in the modern diet.
- ***The older generation.*** The older generation is particularly health-conscious and pays attention to their diets. Many older consumers belief that animal protein from meat offers health benefits as it for example offers important nutrients such as iron, folate, and B-12. This consumer group is likely to continue their meat consumption as they get older.
- ***Curious Consumers.*** Most likely to be younger in Japan (Below the age of 50) these consumers are consumers who are most impacted by westernisation trends in Japan which extends to the greater consumption of fresh meat. As stated, Japan has traditionally been a country of fish consumption and while fish remains popular in the country, other meats have caught up. Curious consumers help to sustain food service outlets such as Korean BBQs as older more traditionalist consumers will be more likely to visit traditional Japanese restaurants instead. Curious consumers are more likely to utilise the internet and view western media which further promotes the consumption of fresh meat products in Japan.
- ***Women:*** An increasing number of women enter the labour market, where they associate themselves with the male dominant work culture. It is common for women to consume meat when they are out with their colleagues in restaurants, etc.

Drivers and method of consumption

There are several key drivers impacting meat consumption and meat preferences in Japan. As mentioned at the beginning of this section, the Westernisation of the Japanese diet, as well as an ageing population, have been influential in the process of changing consumption patterns. The main drivers for meat consumption can be categorized as follows:

- ***Westernisation of the Japanese diet****.* Whereas *washoku* (traditional Japanese cuisine) is based mainly on fish as a protein source, *yoshoku* (western influenced Japanese cuisine) uses more meat. Yoshoku dates from the Meiji restoration era (1862 to 1912) when a small number of western restaurants were open in Tokyo since then the influence of western foods and dietary habits have permanently impacted the Japanese consumer base. However, in recent decades due to innovations surrounding the internet and increased access to western media, there has been an increased westernisation of Japanese consumption habits. There are a number of Japanese fresh meat dishes that are influenced by European and US fresh meat products, these include:

  - *Tonkatsu*- A deep-fried pork cutlet that is influenced by Austrian schnitzel.
  - *Hambagu*- Steak influenced by Salisbury steak.
  - *Menchi Katsu*- Minced beef cutlet of western origin.
- ***Consumption of meat as a group activity****.* A number of consumers (particularly women) commonly meet in groups to consume fresh meats as a social activity in Japan and this practice has been a growing driver in recent years. A phenomenon known as *Yakiniku Nishiki* is when a group of consumers gather to go to a Korean BBQ restaurant to consume fresh meat products (amongst others). This is one of several examples of social activities in Japan which encourage fresh meat consumption. Family events, work team building events, or business conferences will typically include fresh meat products of a wide variety as meat has replaced fish as the go-to protein source offered during social activities and gatherings.
- ***Expansion of the retail sector****.* The expansion of the retail sector in Japan over some decades has helped to make fresh meat products more available and prominent on shelves for Japanese consumers. Traditionally, smaller independent grocers would be limited in their ability to import and sell fresh meats due to the high cost involved. Larger grocery retail outlets such as Aeon and 7/11 have a higher capacity to import fresh meats from abroad and have partnerships with production centres both inside Japan and more importantly outside of Japan. Due to the larger need to import fresh meats, they are generally expensive which means that larger retailers often have to offer additional rewards for purchasing fresh meats such as a loyalty card discount scheme or at times cutlery that help in the consumption of fresh meats.
- ***Meal bias***. Japanese consumers are more likely to consume fresh meat during their lunch or dinner meals with fish remaining the preferred protein source for breakfast meals. A typical lunch meal incorporating fresh meat includes rice boxes with ground beef. A typical dinner meal incorporating fresh meat may include *Oyakodon* (chicken and egg bowl).
  Seasonality. The demand for different types of meat varies throughout the year. Beef, pork, sausage, and bacon are in demand most time, except in December. Pork and chicken are particularly demanded during October and March due to outdoor community events, including dinner parties to celebrate graduations, farewells etc. Beef is often consumed during August as it is the season for barbeques, and because of *Obon*, which is a festival to honour ancestors. On the contrary, the demand for chicken is lower in July and August but higher in December. Ham is more popular during December well. This is due high demand during Christmas celebrations. It is common practice in Japan to eat a whole fried chicken at Christmas. Higher-income consumers may also eat beef dishes during Christmas as well as for other special occasions such as birthdays and anniversary celebrations.

Purchase criteria

As mentioned earlier, Japanese consumers mainly base their purchasing approach on the quality of the product. That said, due to recent developments, price sensitivity when purchasing meat has become an important factor; particularly given that meat is anyhow comparatively expensive. For this same reason, consumers tend to prefer to buy packaged meat (which is generally considered to be cheaper) over unpackaged, by-the-weight meat.

Japan also has a meat grading system for certain meats. The grading system in Japan shows yield grades and meat quality (1-5 rating system). What matters more to consumers is the meat quality grade as yield grades are more designed for producers and distributors. The meat quality

grade shows the quality of meat determined by the Japanese meat grading association, the rating is determined by marbling, colour, texture and fat. Each factor receives a grade which allows consumers to know the quality of the meat product they might potentially purchase.[117]

The type of meat is another criterion. As seen above, poultry is the most popular choice followed by pork and then beef. In recent years chicken breast became the most popular cut because it is perceived to be healthy and cheap. Other parts that are chosen by consumers are tenderloin in chicken, as well as wings, which are sold as drumette, wingette and wing tip. A wide variety of pork cuts are commonly in demand as well. The loin is the most popular choice, followed by pork butt and shoulder. Beef is the least chosen type of meat due to its higher price point. Consumers aim to purchase beef in bulk especially when it is on sale in order to save money. The brand and country of origin are important to consumers who purchase beef products.

The visual characteristics of meat are important to consumers as well, and are used by consumers to assess quality. When it comes to beef consumers use marbling in beef to assess if the quality is good. Wagyu beef, such as Kobe Beef and Matsuzaka Beef is a popular choice among consumers. Regarding the fat content in pork, consumers prefer low-fat products. Some prefer an easier-to-melt fat texture of pork, whereas others prefer pork fat that is harder to melt.

In general, consumers are concerned about the safety of fresh meat products. Since the outbreak of BSE in 2001 consumers' awareness of safety matters has increased drastically. When purchasing fresh meat consumers often search for information regarding residues of antibiotics in products. They pay attention to labels as it is one way to ensure a product is safe to consume.

Fresh meat on retailers' shelves in Japan

Fresh meat in Japan is predominantly wrapped in PVC overwrap or rectangular plastic containers. When meat is bought from a butcher, fresh meat products are often wrapped in greaseproof paper.

[117] Euromonitor International, Passport (2022). Meat in Japan.



Picture above: Fresh meat shelf in a Japanese store depicting the use of PVC overwrap and rectangular plastic containers.

Products are grouped together according to the type and part of meat displayed. Bright lighting is used in the meat section to enable consumers to clearly see the colour of the meat, and thus enable them to choose depending on their preferences. Imported fresh meat is easily recognisable by consumers as it has a sticker on the packaging signalling that it is imported.



Picture above: Fresh meat products grouped together according to type and cut on a Japanese store shelf.

Fresh meat packs are available in different quantities from as small as 20g up to 500g. Because of the decreasing size of families, small portions are becoming more popular, with 250g packs being the consumer's favourite. During the summer month, meat sometimes is packaged together with vegetables or seasoned so that it can easily be consumed at a barbeque.



Picture above: Meat shelf in a Japanese retailer depicting different pack sizes.

The price of meat depends on the type, quality and cut. Price reductions can be seen from time to time. Indicative price ranges of 100g of local beef, pork and chicken are as follows:

	Beef	Pork	Chicken
• Value/Economy:	<JPY 250	<JPY 250	<JPY150
• Premium:	JPY 250-450	JPY 200-400	JPY 150-300
• Super Premium:	>JPY 450	>JPY 400	>JPY 300



Picture above: Price reduction on meat in a Japanese retailer.



Picture above: Fresh meat displayed next to processed meat products in a Japanese retailer.

Pictures below: Fresh meat shelves in Japanese retailers.



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

Despite the high popularity and consumption levels of seafood and fish, consumption of fresh meat in Japan is expected to steadily grow, mainly due to the continuous Westernisation of the Japanese diet as well as due to the strong demand for foodservice and ready-to-eat meals which often include meat dishes. Poultry is a particular beneficiary of this trend. Poultry consumption has also been boosted by recent tendencies towards a healthy diet, which has favoured the consumption of protein-rich poultry at the expense of fat-rich meat (such as domestically produced marbled beef). Chicken breast has been a particular beneficiary of the latter trend. Lean beef, including Australian and American, has also benefitted.

Other recent market trends include:

- ***Competition from plant-based alternatives:*** While meat consumption has been on the rise in Japan, the plant-based movement continues to gain traction as well. Although most categories saw declining sales in 2021, as a backlash from the strong growth momentum in 2020, meat and seafood substitutes continued to see significant growth in 2021, driven by the growing healthy living trend. While this trend began before COVID-19, the pandemic provided a further boost to sales due to increased health concerns. With consumers increasingly concerned about weight management due to the amount of time they spent at home during the pandemic, those who have never had meat and seafood substitutes before have tried them as a healthy meal option, as plant-based products are generally considered healthier.
- ***The popularity of high-protein diets will sustain growth in the fresh meat sector:*** Total volume sales of meat are expected to see growth over the forecast period, but will only probably make a complete recovery to the pre-pandemic level of sales by 2025. After a marginal decline in 2021, retail sales will go back to the pre-pandemic increasing trend thanks to the ongoing trend of low-carb diets. Low-carb, high-protein diets have existed for many years in Japan, but they are gaining increasing popularity as consumer awareness of these diets has greatly increased thanks to the widening product variety in both retail and food service.
- ***Vacuum-packed meats increasingly popular:*** Against the backdrop of the prolonged COVID-19 pandemic, vacuum-packed meat began to make its presence felt in supermarkets. These products increased in popularity amongst consumers who wanted to go out less frequently during the pandemic as they have a long shelf life, which makes them ideal for storing. Furthermore, they use less plastic than standard tray packs, which helps reduce household waste, attracting environmentally-conscious consumers. Finally, they are beneficial for mass merchandisers, as they offer improved operational efficiency by eliminating the need for meat processing and extending the shelf life of the meat, thus allowing it to be displayed for longer periods.[118]
- ***Labelling:*** It is increasingly important to Japanese consumers to know what exactly they are consuming, how it has been produced, where it is from, etc. Thus, detailed labelling and information on products are important. Labels are also important to ensure consumers that food safety standards are high; and against the aforementioned background of consumers paying attention to the safety of meat, are commonly used by consumers.

5.1.3 Offer

Domestic production

Japan's fresh meat supply chain depends heavily on import volumes and the country is limited in domestic production due to the lack of wide-scale arable land required for intensive livestock production. Against this backdrop, according to the Japanese Ministry for Agriculture, Forestry and Fisheries:

- The total number of **broiler chicken** operations was roughly 2 180 in 2021, a 3% decline from operations in 2020. Small operators have begun to exit the Japanese market at a fast rate which is impacting the total production of fresh meats in the country, but

[118] Euromonitor International, Passport (2022). Meat in Japan.

particularly poultry. Larger broiler operators (those with over 300 000 or more heads) are rising however suggesting consolidation of the domestic production of poultry in Japan is taking place amongst the larger producers.[119]

- There were 3.98 million heads of **cattle** at the beginning of 2022. The beef cattle population for all breeds continues to rise in the country aided by the expansion of production capacity from larger producers in Japan.
- An estimated 9.11 million heads of **pigs** were present at the beginning of 2022; this is a slight decline from the 2021 figure. These pigs are spread across roughly 3 850 pig operators that are active in Japan. The total number of hog operators has been declining in recent years smaller operators continue to leave the market.

Overall, domestic production lags far behind demand in Japan and is massively insufficient to meet demand; this is due to several factors including:

- A lack of arable land - only 12% of Japan's landmass can be categorised as arable,
- Lack of a fresh meat production culture. Unlike in The US or Europe, Japan has never domestically produced fresh meats to a considerable extent with the country focusing more on the farming of fish.
- The heavy reliance on imports to sustain the meat supply chain in the country.

Nippon Ham Group is one of the largest meat producers in Japan. The company produces meat from cows, pigs, and chickens. In total it has farms in 126 places in Japan as well as in 31 locations elsewhere. Its subsidiary called White Farm Group produces around 75 million chickens annually.

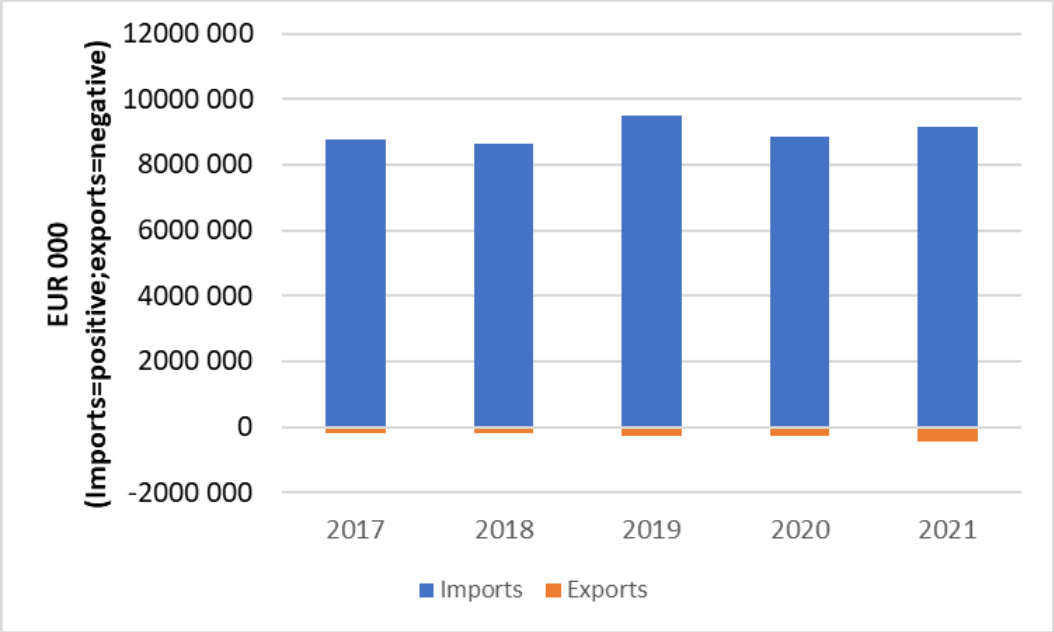
Prima Ham Group is another large-scale meat producer in Japan. Most of its farms are situated in the Hokkaido region, Aomori Prefecture, Niigata Prefecture, Fukushima Prefecture and Kagoshima Prefecture. The company is perceived well by consumers and is considered to be safe. One of the company's groups (Taiheiyo Breeding) has a total of 410 000 pigs for meat production and aims to increase the number to 600 000 by 2030.

Imports and exports

Meat imports have the largest share of all Japan's agri-food imports. As outlined in Figure 5-2, Japan's fresh meat imports have been heavily outweighing the export volumes, which constitute only a minor part of the Japanese import/export fresh meat market. Japan 2021 imported roughly EUR 9.1 billion worth of fresh meat which is a figure that has remained roughly consistent for the past five years. The country will most definitely continue to be a larger net importer of fresh meats in upcoming years.

[119] USDA Gains Report : Japan poultry and product annual, USDA, available at https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Poultry%20and%20Products%20Annual_Tokyo_Japan_09-01-2021.pdf

Figure 5-2: Trade balance (imports and exports) of fresh meat in Japan, 2017-21; EUR 000

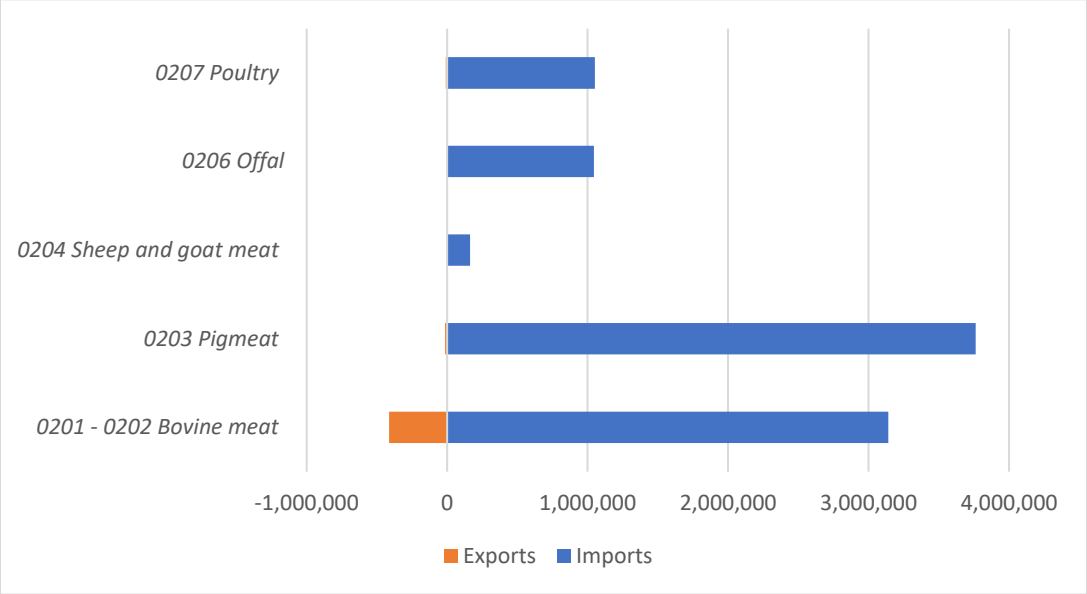


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

Pigmeat is by far the most common imported fresh meat by Japan, reaching an importation value of EUR 3.7 billion in 2021 which is followed by poultry and bovine, of which imports are valued at around EUR 3.1 billion for bovine meats and EUR 1 billion for poultry meats. As Figure 5-3 shows, Japanese exports, as small as they are in value, relate almost solely to the export of wagu beef.

Figure 5-3:Trade balance (imports and exports) of fresh meat in Japan, by type, 2021; EUR 000

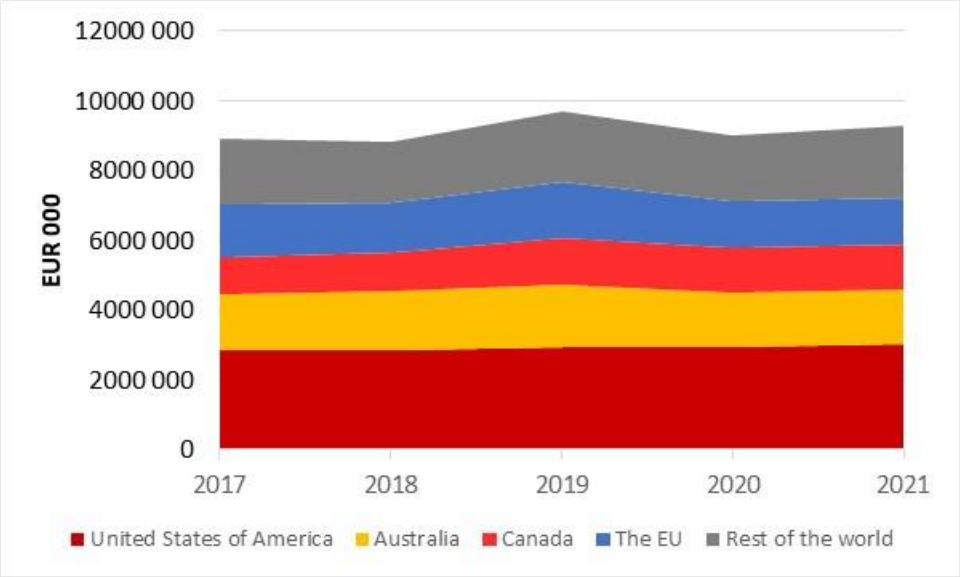


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

As presented in Figure 5-4, imports of fresh meat to Japan come from several countries. The top three exporters of fresh meat to Japan include the United States of America, Brazil and Australia. Spain is the largest EU partner for imports to Japan. All major countries' shares in Japanese fresh meat imports have remained relatively stable since 2017, without massive fluctuations. In the case of EU exports of pork to Japan, they are mainly used by the meat processing industry in Japan. The total value of EU fresh meat exports to Japan is roughly EUR 1.3 billion with Spain, Denmark and The Netherlands being the three biggest exporters of fresh meat to Japan.

Figure 5-4: Japan's imports of fresh meat by country, 2017-21; EUR 000



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

EU GI products

No fresh meat GI products are protected under the EU-Japan EPA.

Main competitors

Section 5.1.3 showed that the Japanese fresh meat market heavily depends on imports. It is vital to remember that meat products amount to almost 20% of all Japanese agri-food imports. The main exporters of fresh meat are:

- **Pigmeat**: EU, US, Canada,
- **Beef**: US, Australia
- **Poultry**: Brazil, Thailand

While Japan has trade deficits in all types of meat, its deficit in poultry is the lowest – around 2/3 of poultry consumed in Japan is also produced in the country (compared to around half of all pork and 1/3 of all beef). Domestic poultry production may therefore be considered a competitor of sorts.

The EU is a large exporter of pigmeat to Japan with Spain and Denmark being amongst the top five largest exporters of this fresh meat to Japan. This is the key fresh meat that is exported from the EU to Japan.

5.1.4 Specific market entry requirements

Market access and custom procedures

In case of fresh meat products, there are several market restrictions to consider. In general, there are four steps to follow when importing to Japan, as identified by the Ministry of Agriculture, Forestry and Fisheries (MAFF):

1. The first step is to determine whether the product is subject to animal quarantine, which in case of fresh meat is necessary.
2. Secondly, it should be verified whether the fresh meat product is subject to any suspension or prohibition.
3. It is necessary to obtain an inspection certificate, which should be issued by a government agency of the exporting country.
4. An import inspection by Animal Quarantine Service in Japan will occur

For more detailed information consult the following website: https://www.maff.go.jp/aqs/english/product/import.html

In terms of **tariffs**, these vary by type of meat. Beef tariffs are 24.2% vs MFN 28.5%, pork tariffs are generally 1.2% vs MFN 4.3%, and poultry tariffs are between 0% and 6.5% with MFN 3% to 11.9%. There are no tariffs for sheep and goat meat, and tariffs for offal depend on the species.

A list of standard documents as well as an overview of the procedure is presented in section 4.2.1. It should be noted though that importing fresh meat products might require providing additional documentation concerning the Animal Quarantine inspection. These documents are listed below.

Specific market entry requirements, depending on the animal product might be the following:

- BSE Certificate
- Certificate of Dioxin Content
- Veterinary Health Certificate for Animal Products
- Import Quarantine Certificate for Animal Products
- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – poultry category (0207) from Spain to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=0207&origin=ES&destination=JP

SPS measures

As noted in section 4.3.4, there are SPS related challenges with various diseases such as:

- The non- recognition of EU's regionalisation measures implemented due to African Swine Fever
- Restrictions related to outbreaks - Avian Influenza
- Member States applications on beef and ban due to Bovine Spongiform Encephalopathy (BSE)

It is recommended to consult this section for further details.

Labelling

As described in section 4.2.3, the labelling of imported products falls into the Food Labelling Standards. Fresh foods need to provide the following labels:

- General product name
- Country of origin

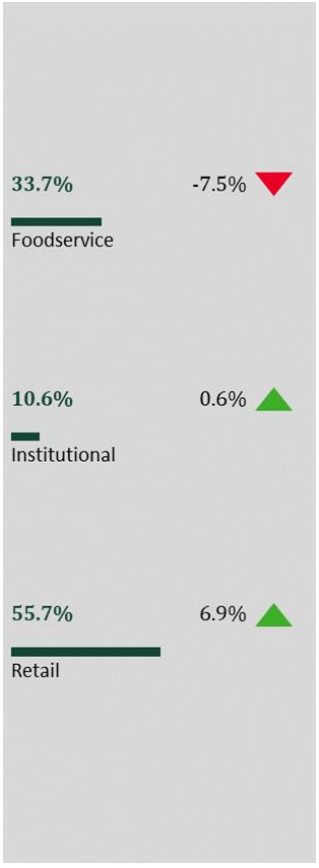
However, additional labelling requirements might be necessary for certain fresh products including fresh meat. These are set out in Appendix Table 24 of the food labelling standard. These generally include the place of origin, type/part of the meat, use, etc., individual identification number of beef (domestic beef only), the unit price per 100g, frozen display, expiration date, storage method, selling price, contents, as well as name and location of the processor.

5.1.5 Distribution

The retail market is the most common channel of distribution for meats in Japan, accounting for 55.7% of all sales, a figure that is growing, partly as a result of at-home consumption due to the COVID-19 pandemic. Foodservice outlets accounted for 33.7% of all sales in 2021; this is a decline of 7.5% compared to 2016 – again largely attributable to the COVID-19 pandemic. Institutional outlets account for 10.6% of all sales in 2021, which is an increase of 0.6% from 2016.

Supermarkets are the most popular retail channel and accounted for about 40% of the total market share in 2021. Consumers typically can purchase domestic as well as imported fresh meat via this channel. Convenience stores sell meat usually as part of ready to consume meals such as bento lunch boxes. Speciality retailers are premium channels. The Meat Guy, Kobeya and Kyoto Katsugyu are popular meat speciality stores in Japan that offer premium cuts of meat from domestic and international suppliers. Speciality stores accounted for around 15% of total meat sales in 2021. The e-commerce channel is growing; however, most consumers continue to purchase fresh meat in stores. This might change in the future.

Figure 5-5: Distribution of fresh meat in Japan by volume, 2021



Source: Euromonitor International: Fresh Food, 2022.

5.1.6 Challenges for EU products

Imports of fresh meat to Japan require thorough and stringent control measures related to animal quarantine, which may constitute a challenge for EU meat producers. Secondly, though the EU-Japan EPA offers attractive duties, the market for fresh meat may become more competitive if attractive terms are offered by Japan in other FTAs currently under negotiation.

The EU's main export of fresh meat to Japan is swine (or pig) meat with the EU lagging further behind in the exportation of poultry and beef products which is more dominated by the US, Australia and Canada amongst others. Japan is a lucrative market for fresh meat exporters as the country is limited in its ability to domestically mass-produce fresh meat to meet domestic production. This has not gone unnoticed by other competitors with American, Australian and Canadian meats being more at the forefront of fresh meat exports in Japan. This results in EU fresh meat producers having to compete with other exporters having a long-established presence in the Japanese market which has helped them to garner good relationships and distribution partnerships in the country.

Market Takeaway: Fresh meat

Consumption: *Meat is not part of traditional Japanese cuisine, but has nonetheless become popular. Total consumption is to rise again after a dip as fresh meats such as beef and poultry become an ever more common staple food in Japan aided by the expansion of the food service and retail sector of the country in recent years*

Competition: *The US, Australia and Canada are the biggest competitors in the Japanese market and all three countries have long-established ties to the Japanese meat market. A number of smaller competitors also exist in the form of New Zealand, Brazil and Mexico. The only meat with fairly strong domestic production is poultry.*

Distribution: *Dominated by retail markets which account for 55.7% of all sales, with supermarkets accounting for around 40% of retail sales. Foodservice is important as well, but its popularity seems to decline, though COVID-19 played a major role in this.*

Challenges*: Competing with third countries such as the US, Australia and Canada coupled with the competition with countries that are party to the Trans-pacific agreement is a key challenge for EU fresh meat producers. Countries that export a significant amount of fresh meat and are party to the (CPTPP) include Australia, Canada and Mexico.*

Opportunities: *The ongoing further westernisation of the Japanese diet coupled with rising demand for alternative meats in the country presents two key opportunity areas for EU fresh meats. Japanese consumers also increasingly seeking out fresh meats that have been vacuum packed and contain a high protein content.*

5.2 Fresh fruit and vegetables

5.2.1 SWOT analysis

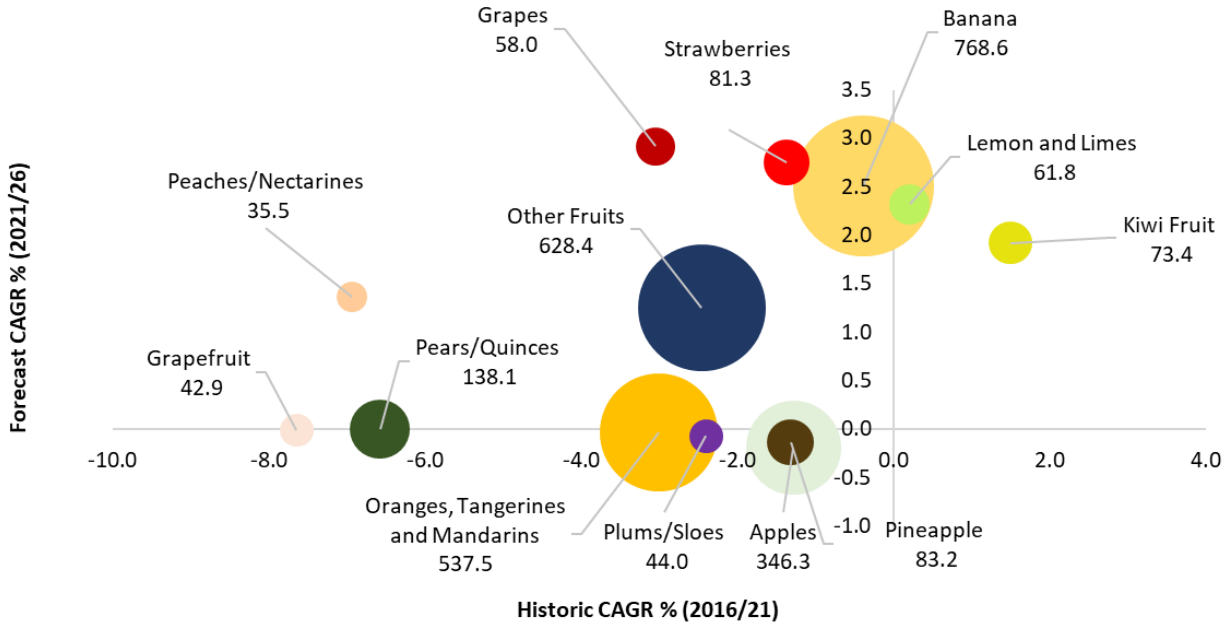
STRENGTHS (+)	WEAKNESSES (-)
▪ Production of fruit and vegetables in Japan is limited by a lack of wide-scale arable land coupled with labour shortage, leading to structural shortages. ▪ Rising demand for western food items which extends to fruit and vegetables. ▪ Fruit consumption is forecast to grow in the coming years.	▪ Consumption rates in Japan for both fruit and vegetables lag far behind rates in neighbouring countries. ▪ EU exports of fruit and vegetables are minimal compared to larger exporters such as China and the US. ▪ Japanese consumers expect fruit and vegetable products to be in pristine conditions which is particularly difficult for fruit and vegetables being sent across prolonged supply chains from the EU to Japan.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Rise in vegetarianism in Japan. ▪ Re-opening of the food service sector in Japan ▪ The recent signing of the EU-Japan EPA will facilitate a rise in fruit and vegetable exports to Japan from the EU.	▪ Consumption of vegetables is forecasted to continue declining in Japan. ▪ Japan is a party to a large free trade agreement (CPTPP) which aids the export of fruit and vegetables from geographically closer countries such as Australia and Mexico. ▪ The Japanese government has signalled it wishes to increase domestic production to reduce the currently large trade deficit it has concerning the trade of fruit and vegetables.

5.2.2 Consumption

Evolution of consumption

Figure 5-6 shows that banana is the most popular fruit category in Japan by total volume, with a total volume of close to 770 000 tonnes in 2021. This is followed by other fruits with a total volume of about 630 000 tonnes and oranges, tangerines, and mandarins with a total volume of approximately 540 000 tonnes. For most fruit categories with the exception of apples, pineapples, and plums/sloes, there is a predicted growth rate forecasted, with the fastest-growing fruit category expected to be grapes which is predicted to grow at a CAGR of 2.9% between 2021 and 2026. This is close to the second fastest-growing fruit category which is strawberries with a predicted CAGR of 2.8% in the same period. Bananas will remain the most popular fruit category by 2026 if the current predicted growth rates remain the same.

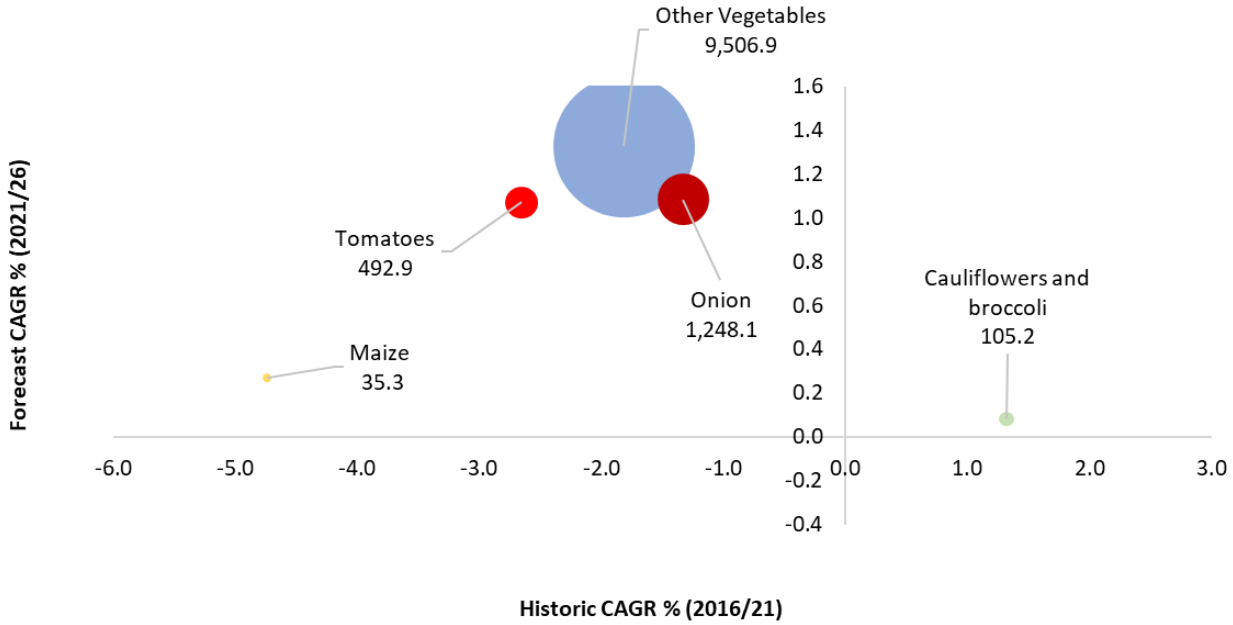
Figure 5-6: Evolution and forecast of the fruit market in Japan, 2016-2026; total volume (000 tonnes)



Source: Euromonitor International: Fresh Food, 2022.

Figure 5-7 below shows that other vegetables are the largest consumed vegetable category in Japan by a considerable amount with a total volume in 2021 of 9.51 million tonnes and will also be the fastest-growing vegetable between 2021 and 2026 with a predicted CAGR of 1.3%. Onions have a total volume of 1.25 million tonnes and have a forecasted CAGR of 1.1%. Between 2016-2021 cauliflowers and broccoli grew the most in Japan by a CAGR of 1.3% and reached 105 000 tonnes in 2021. However, this CAGR will decline to 0.1% between 2021 and 2026. Tomatoes with a total volume of over 490 000 tonnes will remain the third-largest vegetable product in 2026 with a predicted CAGR of 1.1% forecast between 2021 and 2026. Maize will be the smallest category with a predicted CAGR of 0.3% between 2021 and 2026 from its current total volume of 35 000 tonnes.

Figure 5-7: Evolution and forecast of the vegetable market in Japan, 2016-2026; total volume (000 tonnes)



Source: Euromonitor International: Fresh Food 2022.

Consumer profile and purchase criteria

Consumers

Fruit

In 2021, the total consumption of fruit in Japan was estimated to be around 34.1 kilograms per person with the more popular fruits consumed in Japan including local variants of grapes, mandarins and strawberries as well as bananas.[120] Total fruit consumption in Japan is far lower than levels of consumption found in other Asian nations such as China, Vietnam and the Philippines, there are several reasons behind this which include:

- Perception of fruit as a luxury treat item rather than the main staple in consumer diets.
- Fruits in Japan are amongst the most expensive in the world.
- Historically, Japanese consumers have not been large consumers of fruit in general with domestic production influencing this.

These and other reasons will be further explored in this section.

[120] Per capita consumption volume of fruits in Japan from fiscal year 2011 to 2021, Statista, available at https://www.statista.com/statistics/1228331/japan-per-capita-consumption-volume-fruits/#:~:text=In%20fiscal%20year%202020%2C%20the,melons%2C%20and%20strawberries%20among%20others.

Consumers of fresh fruit are typically older, more affluent and health-conscious consumers. Older consumers generally prefer fresh fruit consumption while younger consumers prefer processed fruit consumption.

Income class also plays a role as the average price of a kilo of fresh fruit is roughly EUR 5.50 in Japan, compare this with the average price in nearby China (EUR 2.10) and it becomes more apparent as to why fruit consumption is lower in Japan and why middle and higher income consumers are more likely to purchase fresh fruit on a more regular occurrence.

The last point, historically Japanese consumers have not been heavy consumers of fresh fruit, this is due to the country being limited in its ability to produce a wide variety of fresh fruit, the popularity of other sources of protein and vitamins such as fresh fish and the higher costs of fruits in Japan.

Vegetables:

The per capita consumption rate of vegetables in Japan currently stands at around 88 kg with the more popular vegetables consumed in Japan including pickles (*Tsukemono*), shiso and wasabi. Japanese consumption rates of vegetables are lower than those of other Asian countries such as nearby China and South Korea but lag much less than total fruit consumption per capita does. Total consumption of vegetables has been declining for decades with the country consuming roughly half the level of vegetables per capita as recorded in 1989. A recent national survey found that only 30% of men and 26% of women were consuming the daily recommended amount of vegetables set by the government of Japan at 350g per day.

Consumption varies, with the northern regions of Japan consuming more vegetables compared to the rest of the country.[121] Vegetarianism in Japan lags behind trends found in western countries which are displayed by the lower amount of vegetarian-friendly or themed food service outlets in the country, however, total rates of vegetarianism are growing in Japan, aided by the outbreak of COVID-19 which helped to reinforce the need to have a balanced healthy diet.

A final factor to consider is the high cost of vegetables in Japan which are typically priced around EUR 6.50 per kilogram, compared to EUR 2.20 on average in nearby South Korea. This prices out lower income earners in their capacity to purchase a wide variety of vegetable products in Japan. The higher prices are explained further in the purchase criteria section.[122]

Concerning the target consumers of EU imported fruit and vegetable products in Japan, people in their 30s-50s are major contributors as they perceive imported produce to have abundant health benefits. Since consumers within this age bracket usually have children, they are particularly conscious of the quality and nutrition of the fresh produce they consume. People in their late 50s and 60s pay significant attention to food safety because they are concerned about health problems due to ageing. Another potential consumer group could be women who tend to buy imported fruits such as various types of berries as they are perceived to be beneficial to health and beauty. Customers of specialised grocery stores such as Seijo Ishii and Kaldi are another consumer group that can be targeted as they are already accustomed to imported food products from the EU.

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[121] A local approach to improving nutrition in Japan targets vegetable consumption, Ajinmoto, available at https://www.ajinomoto.com/stories/a-local-approach-to-improving-nutrition-in-japan-targets-vegetable-consumption

[122] Euromonitor International, Passport (2022). Vegetables in Japan.

Drivers and method of consumption

The key drivers behind fruit and vegetable consumption in Japan come from the westernisation of the Japanese diet which encourages the consumption of western fruit and vegetable products such as apples, lemons and broccoli. This is encouraged by the growth of western food service outlets in Japan and the small rise in vegetarian-based food service outlets in the country. Another driver has been the Government of Japan which is increasingly advocating for consumers to purchase and consume more fruit and vegetable products. The government has also sought to import more of these products from larger fruit and vegetable producers in the region by reducing tariffs on imports for some countries such as the Philippines to bring down the costs of fruit and vegetables in Japan. It is important to note that consumers often perceived fruit as a luxury indulgent product in Japan, and as such the product is often consumed as a filling for a sandwich or other dessert item rather than consumed by itself or as a component of a salad as is common in the west. Vegetables are commonly used as a dressing or side dish for staple Japanese foods such as *Sunomono* (Japanese cucumber salad*), Kinipira Gogo (*a dish made from shredded carrots or burdock root*)* and seaweed salads.

Despite the fall in disposable income induced by the COVID-19 pandemic in the country, demand for imported fresh fruits did not diminish in the country. 62% of the domestic demand for fruits relied on imports. Bananas accounted for 54% of all imported fresh fruits as they were affordable and easy to eat, followed by pineapple (8%) and kiwi (6%). Vegetable import volume decreased but among vegetables, melons had the highest rate of increase (16%), followed by pumpkins (10%) and ginger (2%).

Purchase criteria

Taste, freshness, and price are consumers' three main purchasing criteria when choosing fruit and vegetables. Most commonly middle-aged and younger consumers pay strong attention to the price of products. Lower to middle-income consumers are generally quite price conscious. Taste and freshness on the other hand are valued in particular by older consumers. Consumers prefer to choose products packed in freshness-preserving packaging because it is viewed to decrease the activity of bacteria while also increasing the shelf life of fruit and vegetables.

When it comes to fruits another criterion is the sugar content. The purpose of the purchase also plays a role as fruits can be either for self-consumption or gifting. When consumers choose fruit for self-consumption, they are more likely to choose lower-priced varieties such as bananas, apples, watermelons and pineapples, whereas they would choose premium fruits such as strawberries, white peach, musk melon and certain mangoes (e.g. Keitt) as gifts. A further important aspect when purchasing gifts is the packaging. Consumers look for premium packaging such as fruits packed in paulownia boxes (made from wood with a silky-smooth finish).

The place of production is important to some consumers as well as they prefer to purchase products locally as they are thought to be ‘safer’ than many imported ones. Safety is an important purchase criterion regarding vegetables primarily. That said, as indicated above, EU fresh produce is generally well regarded in safety terms

One of the key reasons behind the high prices of fruit and vegetables in Japan comes from consumer purchasing criteria. Consumers expect fruit and vegetables to be in pristine condition without any marks or oddities. This leads to a mass amount of fruit and vegetable wastage from farmers in the country as they throw out fruit and vegetables that are not in perfect condition as they know consumers are very unlikely to purchase them. Japanese consumers are known to be

quite selective about the fruit and vegetables they seek to purchase which drives up the price. This is not helped by the fact that Japan has a limited amount of arable land suited for the production of fruit and vegetables with Ringo apples, mandarins and Negi onion being amongst the few fruit and vegetables that are mass-produced in Japan. Due to this, the country has to import a significant amount of fruit and vegetables which further drives up the price of these products for Japanese consumers. While consumers are well accustomed to fruit and vegetables being of a high cost, it does act as a disincentive for lower-income consumers to regularly purchase fruit and vegetable products in the country.[123]

Fresh fruit and vegetables on retailers' shelves in Japan

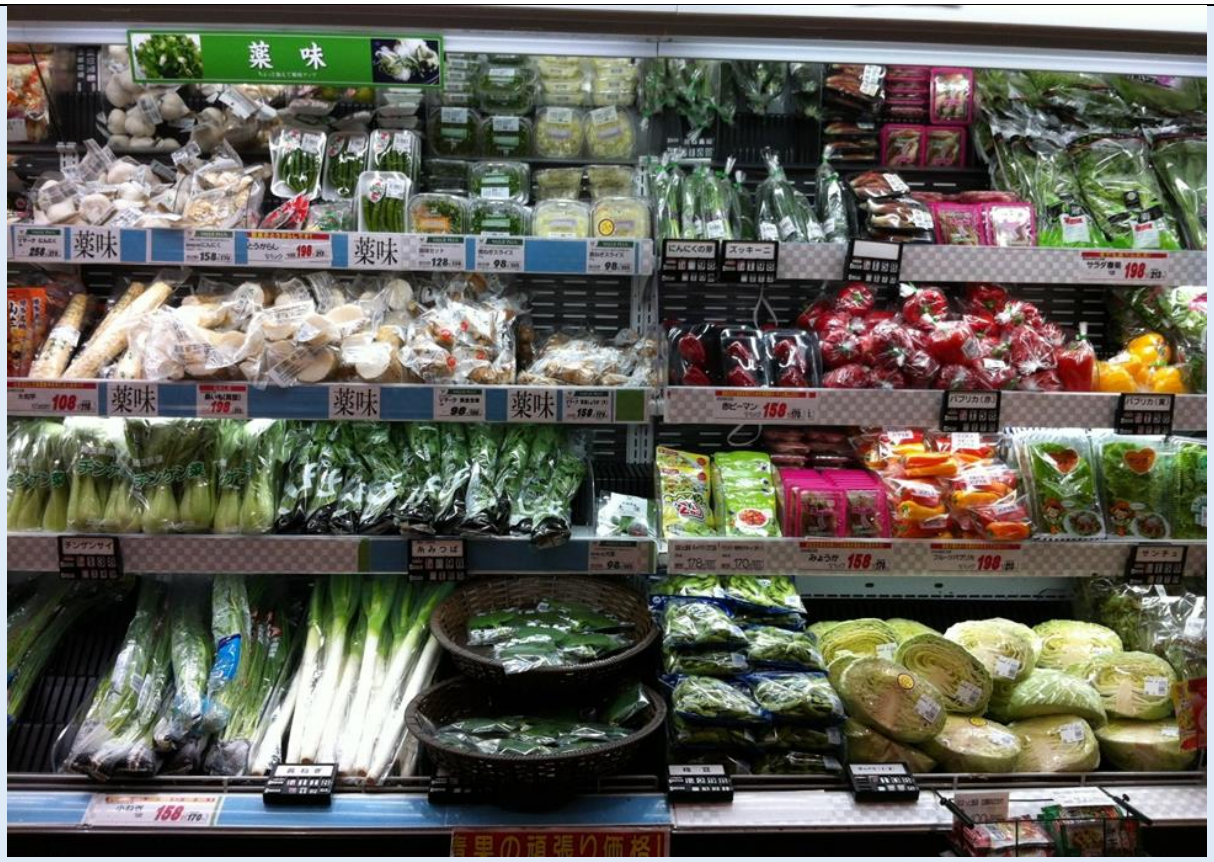
Prior to the COVID-19 pandemic, most fruit and vegetables in Japan were sold unpackaged, however this changed with the pandemic. An increasing number of fruit and vegetables are sold in plastic packaging such as bananas, cucumbers, and lemons that are wrapped in flexible plastic or strawberries that are sold in plastic baskets and sealed with a wrapper. Tomatoes are often sold in flexible plastic as well in different quantities such as 100g or 500g packs. Potatoes are sold in plastic bags or paper boxes that contain 3kg or 5kg.



Picture above: Tomatoes in plastic containers and bananas wrapped in plastic packaging in a Japanese retailer.

Products are usually sorted by types of vegetables and fruit. On some occasions some products are displayed with other products such as meat or noodles to make consumers interested in using them to cook.

[123] Euromonitor International, Passport (2022). Fruits in Japan.



Picture above: Vegetables organised by type on a retailer's shelf in Japan.

Producers promote their products by using tags such as organic, Japanese-made, or by using the mane of the producer on the label. QR codes are used on some packs to enable consumers to check information about the farm of origin and producers' information.



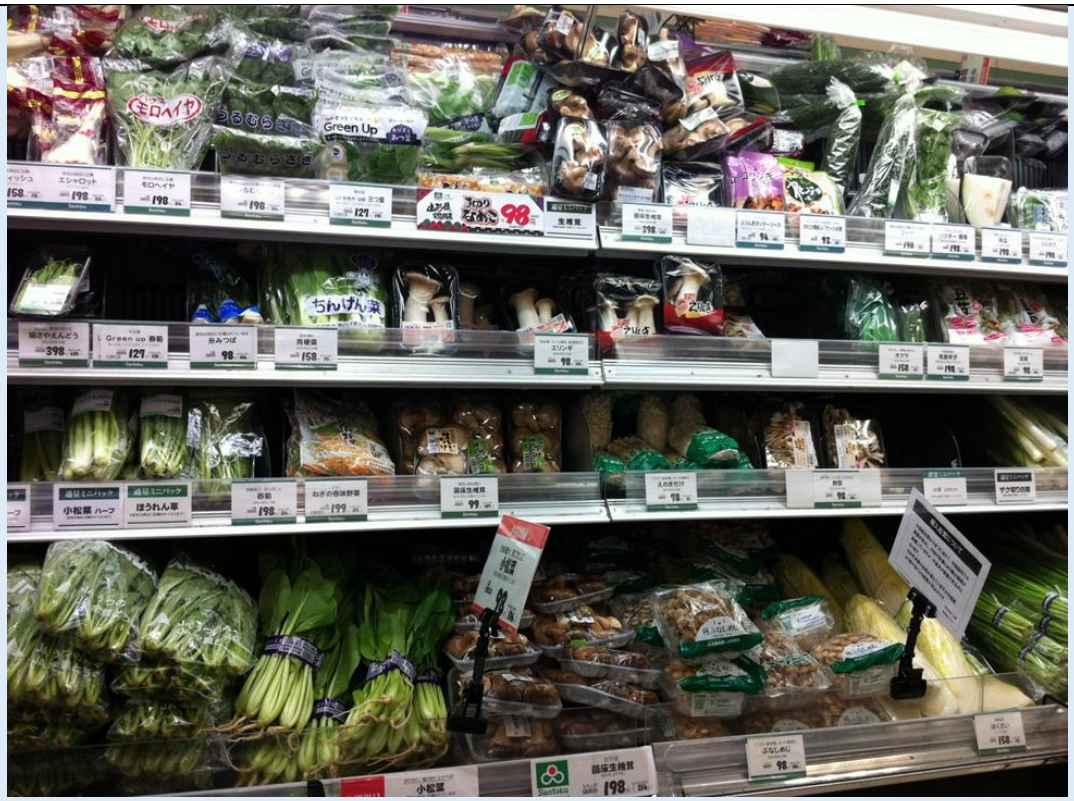
Picture above: A vegetable shelf of a Japanese retailer using labels and additional information

The price of products differs. The majority of fruit and vegetables in Japanese retailers are domestically produced and thus cheaper. Price promotions are possible. Vegetables from the EU are barely ever seen in Japanese retailers. The average price of fresh 100 g fresh vegetables exceeds JPY 35 in 2022. Fresh fruits from the EU are rare because they are difficult and expensive to import but are sometimes sold by Japanese retailers. Price range examples are as follows:

	Fruits (100g lemon)	Vegetables (100g potato)
• Value/Economy:	<JPY 100	>JPY 50
• Premium:	JPY 100-JPY 300	JPY 50-JPY 200
• Super premium:	>JPY 300	>JPY 200



Picture above: Price promotion of fresh fruits on a retailer's shelf in Japan.





Pictures above: Fresh fruit and vegetable shelves in a Japanese retailer.

Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

Recent market trends in the Japanese fruit and vegetable sector include

- ***Premiumisation of the fruit market:*** One possible driver of growth for the category over the forecast period will be premium fruits, which gained traction in Japan in recent years. Grapes especially have a lot of popular premium varieties such as Shine Muscat or Queen Rouge. Premium fruits are often served as a gift. Gifts are an essential part of Japanese culture, and different types of gifts are given on different occasions, such as *chugen* in summer and *seibo* in winter, when people give gifts to people such as family members and clients, in order to express their gratitude and to keep relationships smooth. Gifts are expected to continue to play a major role in the cultivation of relationships in Japan, which will support the demand for premium fruits over the coming years.
- ***Impact of social media:*** In recent years, Japan experienced a huge boom in fruit sandwiches, sandwiches made by putting fresh fruit and whipped cream in between two slices of bread, as well as fruit *daifuku*, Japanese traditional sweet rice cakes filled with fruits and sweet red bean pastes. The biggest reason for the popularity of fruit sandwiches and *daifuku* is the increasing prevalence of social media. With Instagram and Twitter having become increasingly popular in Japan, more and more people are looking for foods which look good on social media. Celebrities also post pictures of beautiful cross-sections of fruit sandwiches and *daifuku* on social networking services (SNS) such as Facebook, Instagram and Twitter, which draws a lot of consumer interest, improving recognition of fruit sandwiches and *daifuku* nationwide.
- ***Initiatives from the Japanese government and producers to increase consumption***: In order to increase the daily vegetable intake per person, various initiatives have been seen in recent years. For instance, Kagome, one of the major packaged food manufacturers in Japan, which is well-known for its tomato products, started the "Let's Eat Vegetables" campaign, with the goal of ending the insufficient consumption of vegetables in Japan. Ajinomoto, another major packaged food manufacturer in Japan, also started a campaign called, "Love Vege" in collaboration with local municipals and retailers to educate consumers about the importance of consuming vegetables and to promote the consumption of vegetables. These initiatives are likely to help vegetables to maintain growth over the forecast period, despite the ageing and declining population in Japan.[124]
- ***Prepared food:*** As people are going back to their busy lifestyles after the COVID-19 pandemic, the popularity of ready to eat foods such as salads is increasing. Purchasing a salad that is ready to eat instead of purchasing all ingredients separately and having to prepare it saves time. Time saving becomes more important since an increasing number of women are working in Japan. The nutrition intake of such prepared products is usually highlighted in order to reach health-conscious consumers. Some specific opportunities in this regard stand out for fruit and vegetables imported from the EU. These include fresh berries, fresh kiwis, tomatoes, and other vegetables such as bell peppers, onions, and carrots.

  Opportunity trends for EU exporters. Berries, in particular strawberries, blueberries, raspberries, cranberries and mulberries are popular in Japan. Berries are deemed to be

[124] Euromonitor International, Passport (2022). Fruit in Japan.; Euromonitor International, Passport (2022). Vegetables in Japan.

very healthy, which is why they appeal to health-conscious Japanese consumers. Kiwis on the other hand are a widely consumed fruit in the country, which is why demand is high and the market offers opportunities for EU products. For vegetables, opportunities for EU producers exist in on trade-consumption where imported vegetables are used as raw materials for processed foods. Tomato imports are forecast to increase.

5.2.3 Offer

Domestic production

It is worth noting that a significant proportion of domestically produced fruit and vegetables – around 35% - are used for further processing, with the remainder most commonly targeting mass market consumers. The aforementioned requirement of the Japanese consumer for fruit and vegetables to be in pristine condition is a driver for the use in processing of this proportion of what is a fairly limited domestic production volume.

Fruit

Japan is limited in its capacity to produce a wide variety of fruits across the country which leads to the concentration of fruit production in specific regions of the country. For example, The Yagamata prefecture alone accounts for 75% of Japan's cherry production (in total, Japan produces around 18 000 metric tonnes of cherry per year. Roughly 80% of Japan's citrus fruit production is focused on the unshu variety of fruit with five western prefectures *(*Wakayama, Ehime, Shizuoka, Kumamoto and Nagasaki*)* accounting for 70% of Japan's unshu fruit production. Aomori apples are the more popular apples produced in Japan with production focused on the prefecture of Aomori in northern Japan. Japan used to be a larger producer of bananas but total production has fallen drastically as the country has instead relied on importing the product instead of domestically producing it.

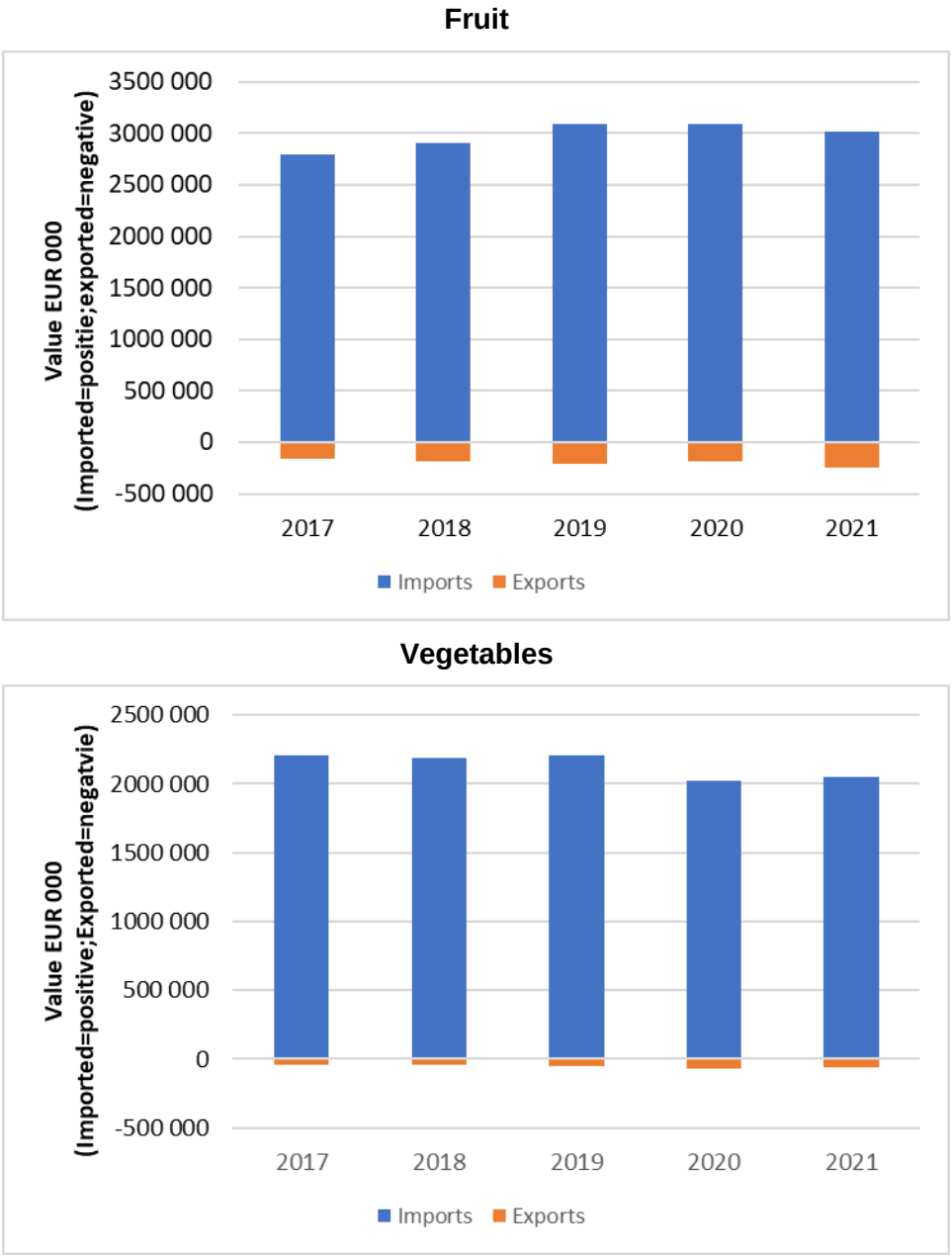
Vegetables

Vegetable farms in Japan are small, a reflection of the small amount of arable land that is available throughout the country in general. Climate is not a major influence on the Japanese vegetable production capacity as the country has the capacity to produce vegetables such as potatoes, cabbage, onions and tomatoes. The larger issue is the availability of land to mass produce these crops; indeed this is a consistent issue across multiple agricultural production sectors in Japan. Labour shortages in Japan coupled with the country's strict immigration policies have further impacted the country's ability to effectively harvest its vegetable crops which has impacted the total supply of domestic vegetables in the country.

Imports and exports

As Figure 5-8 shows that Japan is a large net importer of fruit and vegetables, this is a reflection of the country's lack of wide arable land with results in inefficiencies in meeting domestic demand for fruit and vegetables. Japan imported a total of EUR 3 billion worth of fruit in 2021, which is a figure that is consistent with previous years 2017-2021. With regard to vegetables, the country imported a total of EUR 2 billion with again is a consistent figure seen in recent years.

Figure 5-8: Trade balance (imports and exports) of fruit and vegetables in Japan, 2017-21; value (000 EUR)



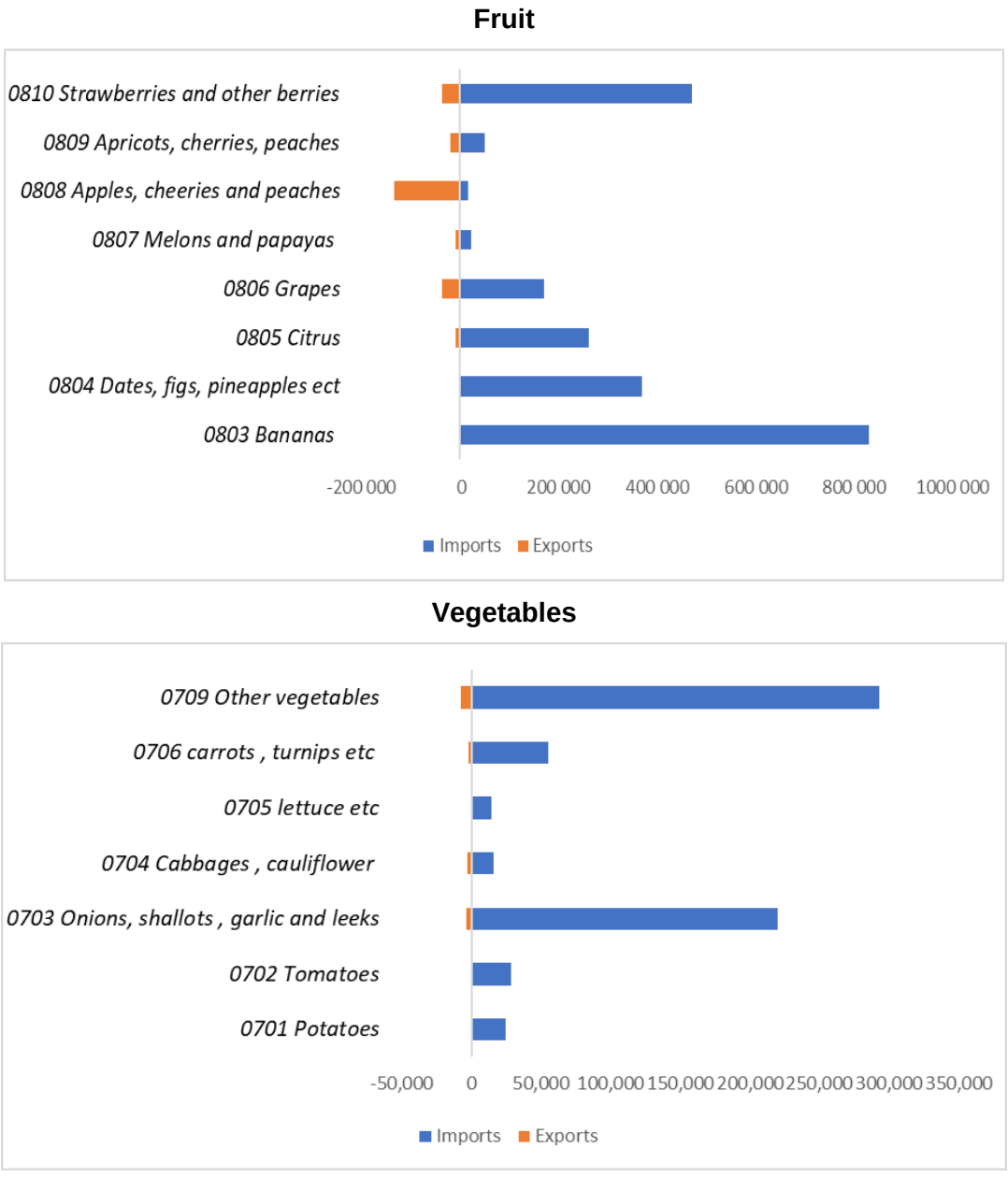
Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN codes 07 and 08.

Figure 5-9 shows which fruit categories are predominantly imported by Japan. As observed, bananas are the most imported fruit product into Japan with total imports coming to a value of EUR 830 million in 2021. This is followed by strawberries with a total import value of EUR 470 million and dates with a total import value of EUR 363 million. In terms of vegetable product

imports and exports, the highest valued vegetable import was the other vegetable category with an import value of EUR 292 million in 2021. Onions were the second highest with an import value of EUR 219 million followed by carrots with an import value of EUR 55 million.

Figure 5-9: Japan's trade balance of fruit and vegetables by type, 2021 (value 000 EUR; selected types only)



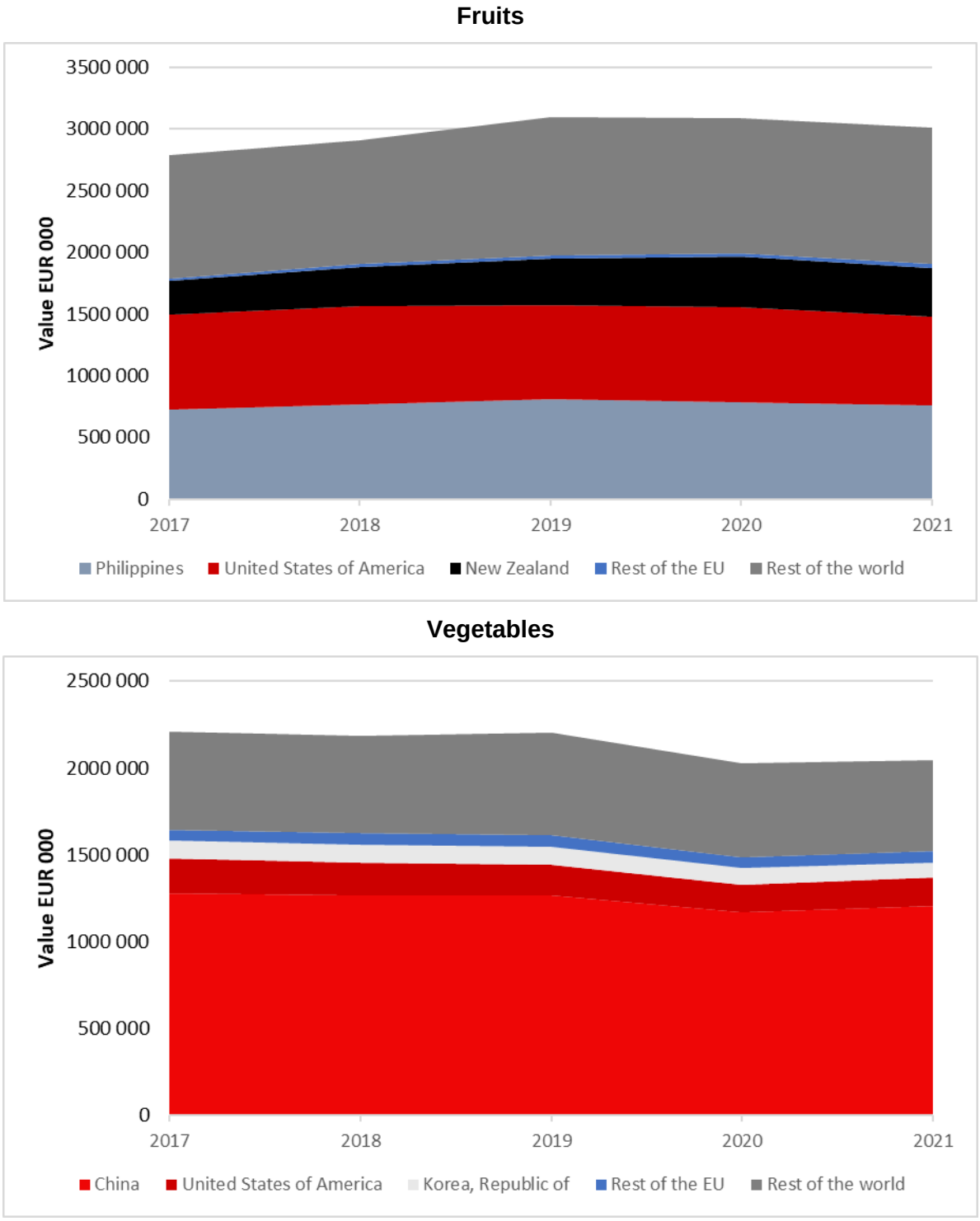
Source: Trade Map, International Trade Centre - https://www.trademap.org/

Note: names for CN codes are abbreviated in most cases.

Only indicated CN codes are presented in these figures. 6 codes for fruit and 7 codes for vegetables are missing, which is why individual figures do not add up to totals in previous graphs.

In terms of origin, the Philippines are the largest country sending fruit to Japan followed by the US and New Zealand. EU exports of fruit to Japan are minimal, with the largest EU member state exporting fruit to Japan being Italy with a value of EUR 9.4 million in 2021. In relation to vegetables, the largest exporter in 2021 was China with a value of EUR 1.2 billion followed by the US with a value of EUR 159 million and South Korea with a value of EUR 88 million. The largest EU exporter of vegetables to Japan in 2021 was the Netherlands with a value of EUR 16 million.

Figure 5-10: Japan's imports of fruits and vegetables by country, 2017-21; value 000 EUR



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 07 and 08.

EU GI products

According to the Economic Partnership Agreement (EPA) between the EU and Japan, some of EU GI products are recognised and protected on the Japanese market. The current list includes also some fresh fruit and vegetables:

- Fruit:
  - Pruneaux d'Agen / Pruneaux d'Agen micuits (France)
  - Mela Alto Adige / Südtiroler Apfel (Italy)
  - Pêra Rocha do Oeste (Portugal)
  - Cítricos Valencianos / Cítrics Valencians (Spain)
- Vegetables:
  - Steirischer Kren (Austria)
  - Ελιά Καλαμάτας -Elia Kalamatas (Greece)

Main competitors

The main competition in the Japanese fruit and vegetable markets varies by product, in relation to fruit, the biggest competitors are the Philippines, the US and New Zealand. A number of other non-EU countries are competitors in this market including Mexico, Australia and China. The vegetable market is equally as competitive with the biggest competitors being China (by a considerable distance), the US and South Korea. All the major exporters to Japan are geographically close to the country. The EU, being geographically very distant, lags behind the number of fruit and vegetable exporters to Japan making the presence of fruit and vegetables in the Japanese market from the EU currently minimal.

5.2.4 Specific market entry requirements

Market access and customs procedures

Fresh fruit and vegetable are subject to an import quarantine procedure, which is to prevent a possible invasion of pests. It is performed by the Plant Protection Station (PSS) and concludes with the issuance of a plant quarantine certificate confirming the pest-free status. Inspections can be carried out both at seaports and airports quarantine facilities. Further information can be found under the following link: http://www.pps.go.jp/english/

Approval of import can be lengthy and may not be straightforward due to authorisation procedures, risk assessments, and the general slow processing of approval of fruit and vegetables.

Tariffs for vegetables are generally 0% compared to MFN 3%. Tariffs for fruit are dependent on the type as well as on the time of year, yet EU rates are advantageous compared to MFN.

A list of standard documents as well as an overview of the procedure is presented in section 4.2.1. It should be noted though that importing fresh fruit and vegetable might require providing additional documentation which is listed below.

The following additional documents are needed to import fruit and vegetables to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products

- Phytosanitary certificate
- Import quarantine certificate for plants and plant product
- In very specific cases a variety registration might be needed

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – citrus fruit category (0805) from Spain to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=0805&origin=ES&destination=JP

SPS measures

As noted in section 4.3.4, there are SPS related challenges such as:

- Lengthy and cumbersome procedures combined with slow processing of approval of applications for fruit and vegetables

It is recommended to consult this section for further details.

Labelling

Section 4.2.3 provides an overview of Food Labelling Standard law in Japan. It should be remembered that all fresh foods are exempted from the requirement of providing nutritional components of the product. Fresh fruit needs to be labelled with their general product name and the country of origin. In some cases, additional product specific requirements may exist.

5.2.5 Distribution

As depicted in Figure 5-11, the popularity of the retail sector has increased for fruit and vegetables since 2016, whereas the popularity of the foodservice sector, which is the second largest distribution sector, decreased. In 2021 40.7% of fruit and 36.6% of vegetables have been sold through this channel. Institutional outlets account for 19.2% of vegetable sales and 8.9% of fruit sales, and thus are the least popular channel, however, their popularity has been slightly increasing since 2016.

The retail sector accounts for the majority of sales of both fruit (50.4%) and vegetables (44.2%). In Japan fruit and vegetables are most commonly sold through the following retail channels: supermarkets (64%), fresh farmer's produce (11%) and farmer's markets (8%). Supermarkets are popular because they usually offer a large range of domestic and imported produce, as well as organic fruit and vegetables. Moreover, supermarkets are commonplace and thus often close by and offer their products at decent prices. Fresh farmer's produce stores also offer a wide variety of produce at decent prices. In addition, stores such as Man Ei Produce Co. Ltd. are known for their high quality produce (Good Agricultural Practice (GAP) certified). Consumers like to purchase fruit and vegetables at farmer's markets outside of cities to get products directly from the source (locally) and to save money.

Supermarkets are also the most popular retail channel for imported fresh fruit, however, this is not the case for imported fresh vegetables. As the perception of domestic vegetables is high, imported ones are barely consumed in Japanese homes. Therefore, EU exporters might target on-trade establishments including restaurants and processed food factories that for example produce canned tomatoes or tomato juice. However, some speciality grocery stores that are known to sell imported food, might offer additional opportunities for imported fruit and vegetables such as Seijo Ishii, Carnival, Jupiter, Galleon, TOMiZ and National. Due to the growing popularity of e-commerce channels, in particular fresh food delivery services are a common choice when purchasing F&V online. The most popular suppliers offering food and vegetable deliveries through their online services are Ouchi Coop, Coop Deli and Aeon online supermarket. This growing trend offers opportunities for EU producers, as they can for example work together with specialised Japanese fruit and vegetable importers that can offer their products via online platforms.

Figure 5-11: Distribution of fresh fruit (left) and vegetables (right) in Japan by volume, 2021



Source: Euromonitor International: Fresh Food, 2022.

5.2.6 Challenges for EU products

EU fruit and vegetable producers seeking to enter the Japanese market face a variety of smaller challenges which add up to form a substantial overall challenge.

Firstly, the country has low levels of both fruit and vegetable consumption, per capita consumption rates for both these products fall below rates recorded in other Asian countries. While domestic production is very limited (which should provide opportunities), Japan exports far more fruit and vegetables from geographically close non-EU countries which makes it further difficult to establish a large brand presence in the country.

Consumers are known to be particularly picky about the fruit and vegetables they choose to purchase in Japan, to appeal to consumers, fruit and vegetable products need to be in pristine condition which adds additional production necessities to compete in the Japanese market; and indeed taking into account the long shipping time from the EU, poses a notable challenge.

Certain opportunities arise through the EU Japan EPA, which eliminated tariff rates for many fruits and vegetables. Some produce that is not covered under the EPA will be liberalised latest until 2028 such as e.g. apples. However, the exportation of certain EU products such as Belgian tomato or Italian kiwi has been under pending applications because of strict requirements.

Market Takeaway: Fresh fruit and vegetables

Consumption: *Consumption of both fruit and vegetables in Japan is lower than in other Asian countries such as China and South Korea. Reasons for this include the high costs of these products coupled with a lack of historical mass consumption of these products (particularly fruit) Vegetable consumption is forecasted to decline further while fruit consumption will grow steadily.*

Competition: *China (particularly for vegetables), the Philippines (particularly for fruit) and the US are the biggest competitors to EU fruit and vegetables in this market. The EU further lags behind other geographically-closer larger fruit and vegetable products such as Mexico and Australia in the Japanese market.*

Distribution: *Retail outlets account for 50.4% of fruit and 44.2% of vegetable distribution which makes this distribution channel the key channel to target in Japan. Foodservice is important as well, however, its popularity has been decreasing slightly. Supermarkets dominant among retail channels (around 65%).*

Challenges*: Competition with other longer-established and geographically-closer foreign producers in Japan coupled with entering a market that has a lower rate of consumption compared to neighbouring countries and high quality demands from consumers.*

Opportunities: *The re-opening of the food service sector, the opening of the Japanese market by virtue of the EU-Japan EPA and the rise in vegetarianism in Japan are the three key opportunities present in Japan.*

5.3 Dairy

5.3.1 SWOT analysis

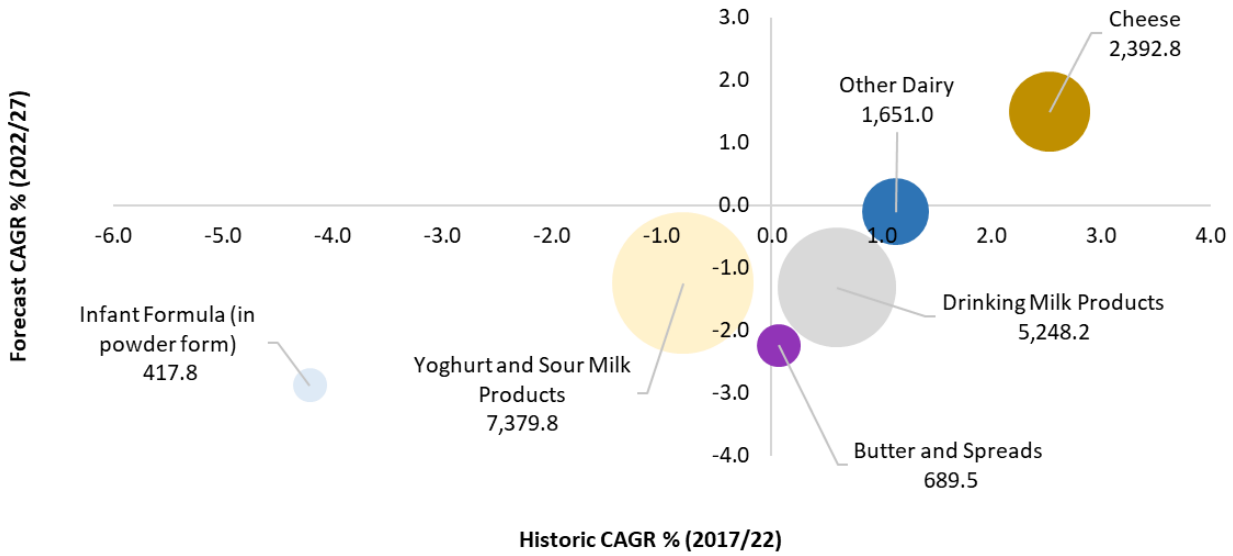
STRENGTHS (+)	WEAKNESSES (-)
▪ EU accounts for between 20% to 40% of the dairy import market value in Japan depending on the category. The main EU exporters are Netherlands and Germany. ▪ Good trade relations between the EU and Japan through e.g. the EU-Japan EPA, which reduces tariffs and protects certain GIs. ▪ Most dairy products are considered as healthy.	▪ The size of the dairy market is forecast to decline in the coming years. ▪ Dairy products are not a traditional part of the Japanese diet. ▪ The majority of Japanese are lactose intolerant. ▪ Consumers rising concerns over sustainability in the food chain might result in more consumers cutting back their dairy consumption.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Increasing demand for healthy, natural and value-added products is increasing such as no-sugar, low-carb, or products with added vitamins. Also greater demand for premium and plant-based products. ▪ Cheese is the biggest dairy import market and the only dairy category forecast to grow in the coming years. EU products are often the preferred choice. ▪ Manufacturers educate consumers and promote their products via TV and social media. ▪ New flavours and innovations are important as consumers tend to get bored fast.	▪ The market is dominated by major domestic players including Megmilk, Meiji, and Morinaga. ▪ The EU has to compete with other major exporters such as New Zealand, the United States and Australia. ▪ Domestic agricultural production of dairy combined with a focus on domestic processing of milk and yoghurt effectively results in periodic milk surpluses.

5.3.2 Consumption

Evolution of consumption

Figure 5-12 below shows the various retail values of markets for dairy products in Japan. Yoghurt and sour milk products is the largest dairy product by retail value, with a market value of EUR 7.38 billion. Yoghurt and sour milk products declined by a CAGR of -0.8% between 2017 and 2022. The growth rate is expected to decline even further to -1.2% per year between 2022 and 2027. Drinking milk products is the second-largest market by retail value and has a retail value of EUR 5.25 billion. The drinking milk products market is forecast to have a similar negative CAGR as yoghurt and sour milk products between 2022 and 2027 at -1.3%. Cheese is valued at EUR 2.39 billion; other dairy is valued at EUR 1.65 billion; butter and spreads at EUR 690 million; and finally infant milk formula at EUR 417 million. All dairy products with the exception of cheese are expected to see declines in retail value between 2022 and 2027.

Figure 5-12: Evolution and forecast of the dairy market in Japan, 2017-2027 (retail value, EUR million)



Source: Euromonitor International: Packaged Food, 2022.

Consumer profile and purchase criteria

Consumers

As there are various dairy products present and consumed in Japan, they can best be described by breaking this section into subcategories as shown below.

- ***Milk:*** The consumption of cow's milk is common in Japan. Millions of Japanese consumers drink milk on a regular basis. Consumers from all parts of society and from all regions consume milk. Parents often purchase milk to feed their children as it is perceived to be a healthy drink. The older generation and women also are important consumer groups that often consume milk for its perceived health benefits such as that it is good for bone health and muscle growth. Moreover, older consumers consume milk because they believe dairy products to be easier to digest than other sources of protein such as meat. In addition, they believe dairy consumption increases the life span and makes it easier to maintain a healthy weight. Younger consumers have slowly been adapting to the consumption of milk alternative products in line with a wider desire for products that complement an increasing demand for healthier products.
- ***Yoghurt:*** Yoghurt is consumed by all parts of society. Plain yoghurt is particularly popular with health-conscious consumers and dairy-free yoghurt with health- and beauty-conscious Japanese women. Older consumers consume yoghurts because they are seen as healthy, whereas younger consumers enjoy them because of their good taste. In particular females above 40 consume yoghurt on a regular basis because they think it improves their immunity. ***Cheese***: Cheese consumption is much lower in Japan compared to western standards, however, this does not mean consumers do not like cheese. In fact,

most Japanese consumers like cheese. Women consume more cheese than men, with women between 40 and 50 years old being one of the largest consumer groups. In general, cheese consumption tends to be higher among wealthier consumers due to the high price point of the product. Cheese consumers are also more likely to live in urban areas, as it can be more complicated to have access to a wide variety of cheese in rural areas because import shops are less common there. However, usually even in rural areas, there is a small section of cheese in grocery stores. Culinary enthusiasts are another consumer group of cheese in Japan as they like to experiment with products with different tastes and origins. Most Japanese consumers are not aware of the difference between natural cheese and processed cheese. Most consumers of natural cheeses are wealthier and have knowledge of more western-style fine dining. Consumers of imported cheese from the EU are also likely to have a high income as well as to live in premium locations of urban centres such as Hiroo, Azabu and Shoto. [125]

- ***Butter and spreads***: Consumers of butter and spreads are more likely to value home cooking although several trends stand out for different income classes. Lower-income earners are more likely to purchase margarine and spread compared to butter as these products are cheaper, meaning the butter market is more likely to appeal to middle and higher-income earners.
- ***Other dairy***: The other dairy product category appeals to consumers of coffee and other food and beverages which incorporate cream, or sweet desserts.

Drivers and method of consumption

Drivers of dairy consumption, in general, that stand out are: the demand for healthy products; demand for products that complement meals and food; and the desire for quick and convenient food products. A further breakdown of drivers and methods of consumption by dairy subcategories is shown below.

- ***Milk***: Cow milk is the most popular dairy product in Japan. Consumers' interest in drinking milk has been increasing during the last decades due to the growth of the Japanese dairy farming sector, and because consumers' disposable incomes increased over time. As drinking milk is frequently sold in smaller cartons rather than large ones, it is bought as a drink like a bottle of orange juice to share with family. Milk is also mixed in tea and coffee. Many consumers have milk for breakfast with cereals or toast. Others like to pour it into their hot beverages. [126] Milk consumption is higher in the summer than it is during winter. It is commonly served with school lunches but because children do not attend school during the winter break consumption goes down. The health consciousness of consumers continues to increase, which makes many consumers opt for fresh milk as a healthy option as it is perceived to have certain benefits for health that are often promoted through the media such as its nutritional benefits including bone health, muscle growth and beauty. Another key driver for milk consumption in Japan is the growth of alternative milk in the country with soy milk being the most popular alternative milk product consumed in Japan.

[125] Japan Cheese Consumption Remains Stable Despite Pandemic Disruptions (2022) https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Japan%20Cheese%20Consumption%20Remains%20Stable%20Despite%20Pandemic%20Disruptions_Tokyo%20ATO_Japan_02-01-2022.pdf

[126] Milk in Japan – What Milk is Popular in Japan? A Complete Guide (2022), https://japanbased.com/milk-japan

More recently, COVID-19 related measures led to a decreased consumption of milk on-trade such as in hotels and restaurants though there was increased at-home demand.[127]

- ***Yoghurt***: Since the launch of Meiji's "Bulgaria Yoghurt" in the 1970s, yoghurt has become very popular in Japan. Before this time, yoghurt was merely seen to be "yoghurt-flavoured jelly" and not a product on its own. [128] Health awareness is a vital driver of yoghurt consumption in Japan and the importance of gut health for immunity was already a topic prior to the pandemic. Yoghurt is perceived to be a good source of calcium and protein, and includes healthy bacteria, which is why it developed into a staple for many Japanese consumers and is even viewed to be a superfood.[129] Consumers' interest in plain yoghurt has increased whereas the consumption of sugary flavoured yoghurts has decreased. Moreover, plain yoghurt is more versatile as it can not only be eaten by itself but also be paired with breakfast cereals or even used for cooking. Yoghurt is also used in desserts, ice creams, jelly, smoothies and salads. There even is a Yoghurt Day (15th May) on which restaurants compete in a cooking championship to see who can make the best yoghurt-based dish. Consumption has recently been driven by increased consumer spending on groceries due to home seclusion. Yoghurt sales at stores that are located in big cities' business areas on the other hand declined because people do not spend as much time in the office as prior to the COVID-19 pandemic. The consumption of dairy-free yoghurt has been boosted through increased health concerns and increased media coverage as well.[130]
- ***Cheese:*** Cheese sales have benefitted from the continuous westernisation of eating habits. Even though right now Japanese cheese consumption is still way below that of Western nations consumers progressively incorporate more of it into their daily eating habits. Around 6% of consumers eat cheese every day and close to 25% at least two to three times per month.[131] Since the start of the COVID-19 pandemic, cheese consumption has been driven by an increase in home consumption. Cheese is not a traditional part of Japanese cuisine; however, it is an ingredient in many western dishes such as pizza, cheeseburgers, pasta, crackers, and bread. Some consumers even use cheese in more traditional dishes such as stews or ramen. Cheese is used as a snack and it even is a common appetiser called *otsumami* that is consumed in combination with alcoholic drinks such as wine, which is why its popularity increased. As consumers continue to spend more time at home, the demand for cheese through ordering food such as delivery pizza increases as well.[132] Japanese consumers mainly eat processed cheese at home, whereas natural cheese is more commonly used in the foodservice industry.[133] Recently, the health benefits of cheese have been advertised more regularly through Japanese

[127] Euromonitor International, Passport (2021). Drinking milk products in Japan.

[128] Yoghurt, https://www.simplyoishii.com/yogurt.html

[129] Healthy eats in Japan: your guide to all things yogurt, https://www.city-cost.com/blogs/genkidesu/z4l9o-living_food_shopping

[130] Euromonitor International, Passport (2021). Yoghurt and sour milk products in Japan.

[131] 11 Interesting Facts About Cheese in Japan (2021), https://escapetoasia.net/cheese-in-japan/#:~:text=Cheese%20is%20less%20popular%20in,now%20eat%20cheese%20every%20day.

[132] Japan Becoming a Nation of Cheese Lovers (2021), https://www.nippon.com/en/japan-data/h00665/

[133] Japan Cheese Consumption Remains Stable Despite Pandemic Disruptions (2022) https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Japan%20Cheese%20Consumption%20Remains%20Stable%20Despite%20Pandemic%20Disruptions_Tokyo%20ATO_Japan_02-01-2022.pdf

media such as the fact that blue cheese is supposedly good for blood vessels, or that camembert is decreasing the risk of dementia. This promotion of health benefits further boosted cheese consumption in Japan as many consumers are health conscious.[134]

- ***Butter and spreads:*** Butter and spreads are more and more used in Japan because of the continuing westernisation of Japanese diets.[135] Butter and spreads are used for baking and cooking at home, and are also spread on e.g. bread. These products can be utilised in different ways for all meals of the day. Moreover, butter and spreads are important ingredients for the on-trade foodservice channel (even though there was less demand recently due to the COVID-19 pandemic). Japanese consumers are very health conscious which is why they try to avoid the consumption of too many trans fatty acids, which are viewed to be unhealthy. Trans fatty acids are often ingredients of margarine, which is why margarine consumers are currently likely to switch to butter. Another driver is the increased interest in premium bread, which is, due to its good quality, frequently consumed with only butter.[136]
- ***Other dairy***: The other dairy category includes products such as condensed milk, cream, desserts, snacks, fromage frais and quark, and coffee whiteners. Many products in this category are viewed to be unhealthy or unnatural which is why growth is currently limited. However, despite this, the market overall is still larger than the one for butter and spreads, and close to the one for cheese by value. Coffee whiteners for example are seen to be artificial and are consumed less because the consciousness of consumers about their food habits continues to increase. Instead, many consumers switch to fresh milk. As the home cooking and baking trend is slowly coming to an end, the consumption of cream and condensed milk is decreasing as well, even though it soared at the beginning of the COVID-19 pandemic. Even though schools and businesses open up again, consumers are likely to continue to partly work from home. This development will continue to boost the at home consumption of chilled desserts. Even though chilled desserts are not viewed as very healthy either, consumers like to treat themselves from time to time (plus these products mean that they do not have to prepare the desserts by themselves).[137]

Purchase criteria

In line with the general situation for dairy in Japan, price, type, taste and healthiness are frequent considerations for consumers of dairy products. Looking more specifically on a product-by-product basis:

- ***Milk***: The type of milk (such as low-fat milk, fat-free milk, homogenised milk and processed milk) is one of the main purchase criteria for Japanese consumers. Fresh cow's milk is the most common choice of consumers, however, milk alternatives (mainly soy, but also some almond milk) are gaining momentum as well and are the second most popular choice, followed by powder milk, and shelf stable milk. Even though the price is important for consumers, they often prefer to pay a bit more for higher quality products. Value for money is important. Nonetheless, some low-income consumers might pay more attention to the

[134] Euromonitor International, Passport (2021). Cheese in Japan.

[135] Butter in Japan, http://www.webexhibits.org/butter/countries-japan.html#:~:text=Butter%20is%20not%20a%20traditional,about%200.8%20kg%20per%20person.

[136] Euromonitor International, Passport (2021). Butter and spreads in Japan.

[137] Euromonitor International, Passport (2021). Other dairy in Japan.

price than to quality or freshness. The taste is important for consumers as well. Milk in Japan is creamier than in other nations because full-fat is the norm and preferred by most consumers, whereas in many other countries half-fat is the most popular. Thus, consumers are less likely to purchase milk other than fresh whole milk; also because some other processed milk drinks (such as flavoured milk) have added substances, and therefore a less preferred taste. Many consumers prefer products from certain brands over private label products, though that is not the case for everyone. Personal and environmental health is important to some consumers who choose their milk products accordingly.[138]

- ***Yoghurt***: The type of yoghurt (e.g. drinkable yoghurt, fruit-based or plain yoghurt, and fortified yoghurts) is an important decision factor. Consumers generally prefer drinking yoghurt, followed by plain yoghurt. Plain yoghurt is often chosen over flavoured yoghurt as it is more versatile in its uses. Nonetheless, flavoured yoghurt is chosen by some as well with the most popular flavours being blueberry, strawberry and aloe. The occasion also is a deciding factor as different yoghurt products can be used differently. For example, yoghurts with gelatine and a mouse like texture can be used to garnish desserts, whereas other Yoghurts are eaten plain. Price-conscious consumers are likely to opt for larger package sizes as these tend to be cheaper. Moreover, plain yoghurt is often cheaper than flavoured yoghurt and thus the preferred choice of price conscious consumers. Health-conscious consumers also opt for plain and sugar-free yoghurt.[139]
- ***Cheese:*** As is the case for most products, the price plays an important role when choosing cheese, in particular for lower income groups. Cheese can be nearly four times as expensive in Japan as in the West. One reason for this is that most of the cheese in Japan is imported, which makes it cost more than locally produced products. The type of cheese is an important criterion as well. In general, consumers prefer processed cheese for home consumption, partly also because of its longer shelf life. Most consumers choose processed cheese over hard cheese such as cheddar and gouda, followed by spreadable cheese (mainly cream cheese). Soft cheeses are less popular but still a good choice. Consumers tend to purchase mainly camembert or mozzarella. The shape of cheese also is a criterion for some consumers. Most prefer to purchase sliced cheese, followed by cheese that melts, and powder cheese. Which cheese consumers choose also depends on what they want to use it for. If they want to cook with it they might choose block-type spreadable cheese or grated cheese, whereas they probably prefer processed or hard cheeses to snack on. As health is important to consumers, it also is a deciding factor when purchasing cheese. These consumers are likely to choose imported cheese from the EU such as Camembert, white brie or blue mould cheese because they are deemed to be healthy. French cheeses are the most commonly chosen in Japan. When it comes to taste Japanese consumers prefer rather mild tasting cheese and generally do not enjoy strong-smelling cheeses as much. That said, the consumption of natural cheese is increasing as well. The occasion is another purchase criterion as mozzarella is for example purchased and used for pizza, and parmesan for pasta dishes. Availability plays a role as well as not all cheeses can be found in all shops. Cheddar and gouda blocks are common, whereas

[138] Euromonitor International, Passport (2021). Drinking Milk Products in Japan.

[139] Euromonitor International, Passport (2021). Yoghurt and Sour Milk Products in Japan.

brie, blue cheese and ricotta are not as easily found in Japan. Gorgonzola and camembert are slightly more common in shops.

- ***Butter and spreads:*** As the price of butter is higher than that of other alternatives it is not always the first choice of price-conscious lower income consumers. These consumers choose margarine and spreads over butter. Even though there is a growing awareness surrounding the negative health effect of excessive butter consumption it is viewed to be the healthiest choice of the three, and the preferred choice of health-conscious consumers, or consumers that prefer more premium products. Another criterion is the intended use. It depends on whether it is used for cooking, baking, preparing sweets, or garnishing ramen dishes. Non-fermented salted butter is one of the most popular butter types in Japan, followed by salt-free butter. Salted butter is used by the common consumer, whereas unsalted butter is rather used in artisanal production and by chefs. The origin of products is important as well. Certain consumers prefer to purchase products locally rather than imported butter. Imported butter is the preferred choice of chefs and artisans that aim to recreate traditional western dishes.
- ***Other dairy:*** The other dairy category is diverse and products are used differently, which means that purchase criteria slightly differ on a product by product basis. Overall chilled dairy desserts are purchased most, followed by coffee whiteners, cream and plain condensed milk. Fromage frais and Quark are currently not popular choices. Overall, the price and quality ratio is important to consumers. Some consumers might also pay attention to the packaging and choose what is most appealing to them. The flavour is an important criterium for all categories and so is if a product is healthy or not. Health-conscious consumers might not choose unhealthy products unless they look for comfort food.

Dairy on retailers' shelves in Japan

Packaging depends on the type of dairy product. Imported butter for example usually comes in retail-ready packaging such as folding cartons. Cheese is imported in retail-ready packaging but also bulk packaging formats. The most popular type of packaging for imported cheese is blister packaging (blister plastic or flexible plastic), which is also used for domestic Japanese cheese. However, local cheese is more commonly sold in flexible plastic, paper-based containers, or stand-up pouches.



Pictures above and below: Cheese and butter shelves in a Japanese retailer depicting different types of packaging used.



Dairy products are usually displayed in an easy-to-see refrigerated section with no doors. Within these shelves, products are usually sorted according to type such as milk, yoghurt, cheese, etc. Furthermore, each category is displayed according to different categories as well. Cheese products for example are sorted according to if they are natural, processed or flavoured. As imported cheese is becoming more popular in Japan, retailers might place it on the aisle side of the sales floor to be more visible.



Picture above: Dairy product shelves in a Japanese retailer organised by type of dairy (milk and yoghurt shelf in the back, cheese shelf in the front).

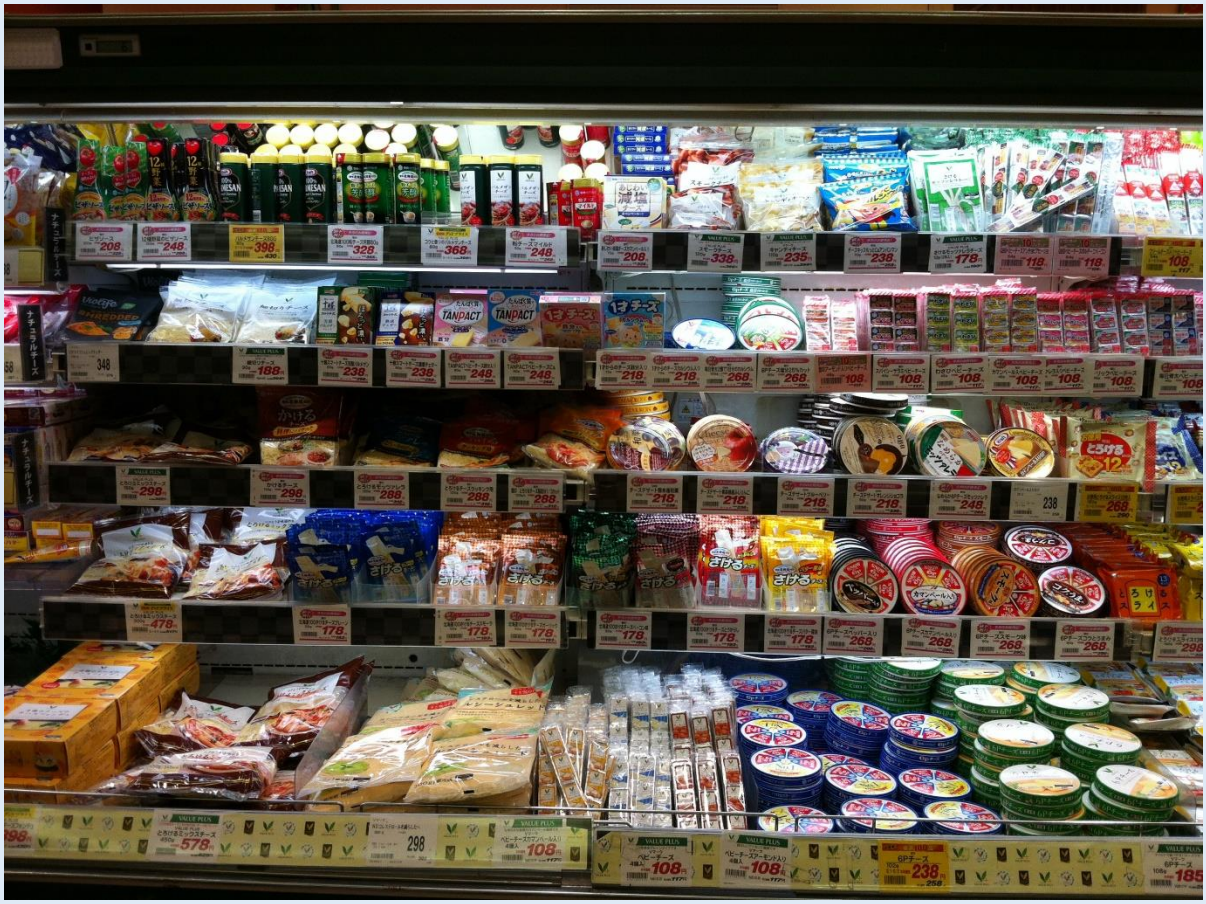
Different information such as the country of origin, the age of maturation, raw milk used, etc, is usually displayed on the packaging of imported cheese to make it more appealing to consumers.



Picture above: Cheese shelf in a Japanese retailer offering some price promotions.

The price differs per product and country of origin. Domestic cheese brands are commonly priced in the economy or medium price range. Imported cheese from the EU as well as local cheese from a farm is often priced in the premium range. Price promotions are possible. The different price ranges for 100g of cheese sold in Japanese retailers are as follows:

- Value/Economy: <JPY 300
- Premium: JPY 300-JPY 800
- Super premium: >JPY 800



Picture above: Cheese shelf in a Japanese retailer.



Picture above: Milk and drinking yoghurt shelf in a Japanese retailer.

Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The most popular trends on the market per category are set out below.

- ***Milk:*** The health and wellness trend that has been further boosted due to the effects of the COVID-19 pandemic has a strong influence on the milk sector in Japan. Both fresh milk and also in particular milk alternatives including soy milk are viewed to be beneficial for health and thus are trending. Milk alternatives are advertised as a good source of nutrients such as vitamins and fibre that are supposedly supportive of beauty, anti-ageing and nutrition. The large potential of this category is shown by the development of an oat milk product for the Japanese market by Coca-Cola. In line with the health trend, premium and value-added products are popular because consumers look for high-quality products to best support their health. Common supplements used by manufacturers in recent product releases are nutrients such as protein, calcium and iron. As consumers are increasingly aware of sustainability issues manufacturers are investing in their ESG initiatives to please them.

- ***Yoghurt:*** There is a trend towards plain yoghurt and non-dairy yoghurt as these options are viewed to be healthier than flavoured yoghurt. The health and wellbeing trend is shaping almost all different aspects the yoghurt market. Many manufacturers are promoting their products probiotics and other perceived health benefits on TV and online. Product development is expected to target specific health problems of consumers. Innovations are likely to focus on bone or cognitive health to provide desired products for Japan's ageing population.
- ***Cheese:*** Education is one of the main current market trends. Manufacturers aim to increase their consumer base by educating them about various perceived health benefits that can be attributed to their cheese products. The EU and the French National Dairy Economic Centre (CNIEL) for example promote cheese from the EU via a communication campaign with the message: "Cheese hometown, Europe, anywhere, anytime, various ways to eat." The campaign creates interest from cheese connoisseurs, artisanal chefs and food influencers. EU cheese producers currently utilise different marketing strategies such as events and promenades. The European Union for example in cooperation with CNIEL held the French Cheese Promenade in 2022. Seminars, talk shows with popular Instagrammers, live cooking shows and free sampling events took place. Custom-made experiences are another strategy. LAMMAS, which is a cheese speciality store in Japan offers many kinds of cheese from the EU. They have a custom-made showcase and cellars and offer free cheese consultations, etc. Other players like Le Comptoir offer exclusive monthly subscription boxes. Healthy snacking is another notable trend in the industry at present, which is why producers prefer chemical and additive-free cheese. EU producers can highlight the natural positioning of their products to cater to this trend, or they can try to collaborate with retailers. 'Cheese on the Table' is a Japanese natural cheese speciality store that already collaborates with suppliers such as Bongrain from France or Estlans from the Netherlands. In addition, manufacturers are also educating consumers about different ways to consume cheese such as using it for baking or frying. Several companies also play around with new flavours including smoked camembert or burnt garlic which pair well with the home drinking trend. Younger consumers are into dishes that are Instagram worthy (meaning they look good in pictures). Different foodservice outlets such as restaurants use this trend to come up with good looking interesting dishes incorporating cheese such as cheese hot pots. Young consumers also are more likely to try and cook a dish at home if it looks appetizing. The dairy-free cheese category is still very much a niche, but interest is growing quickly.
- ***Butter and spreads:*** Manufacturers are collaborating with famous Japanese people to promote their products for example through recipes or short stories. In particular, younger consumers can be reached through social media. New flavours are important for spreads whereas innovation, such as mixed margarine, spreads and butter products are key in the butter sector. Manufacturers are also playing with packaging. Some new products on the market come in soft tubes that enable the product to be directly spread to bread for example. Therefore, convenience is another key factor in innovation, as is also health. Many manufacturers are removing trans fatty acids from the products they sell as these are seen to be unhealthy. One product that stands out is fermented butter, which is common in Europe but has not been popular in Japan until recently. Unprocessed butter from the EU is viewed to be healthier than processed varieties, which caters to the health trend.

- ***Other dairy:*** As is the case for other categories many manufacturers actively promote their products through television advertisements or social media. Anything "instagrammable" is trending. New interesting packaging is also trending, such as packaging giving off retro vibes. Moreover, manufacturers launch new flavours, particularly in the chilled desserts category that are for example perceived to make the indulgence healthier such as green tea and fruit. Overall, health is a big trend also in the other dairy category. Manufacturers are therefore coming up with healthier options such as sugar-free, fat-reduced or low-carb products. The category is dynamic and new products are being introduced about every month. Dairy-free products have potential.

Overall trends that EU dairy producers can profit from in various ways are the increase in snacking, orientation towards health and wellness, westernisation of diets, premiumisation, free from dairy products, and new packaging designs.

5.3.3 Offer

Domestic production

The popularity of milk and dairy products in Japan started to increase during the Meiji era due to the rapid westernisation of Japanese consumers. The interest in such products started in 1871, when a public article mentioned that Emperor Meiji would consume two glasses of milk every day.[140]

During the last decades, Japan developed its dairy livestock sector, however, since 2010 numbers have been decreasing. In 2019, the number of Japan's dairy cows was about 1.35 million heads. That said, according to Japan's National Livestock Breeding Centre, the number of dairy cows that will start to be milked in 2022 is 3% higher compared to 2022.

The number of farms in Japan is decreasing as well. In 2021 it went down about 4% compared to 2020. One reason is that many smaller-scale farmers (farmers with fewer than 100 cows) retired without having anyone take over their farms. In addition, other small farmers merged to create larger farms. Thus, the number of farms with 300 plus dairy cows grew by 10% in 2021 compared to 2020 numbers. The average farm size in 2021 was close to 97 heads per farm. The majority of cows are Holstein breeds.[141]About half of the domestically produced dairy, as well as 90% of the cheese, comes from the Hokkaido prefecture. Other important dairy regions are: Tochigi, Kumamoto, Iwate and Gunma.[142]

Japan produces between seven to eight million tons of milk annually. Japanese domestic production of dairy is largely focused on producing raw fresh milk, drinking milk products and yoghurts. Around half of the milk is consumed as a beverage. The other half is used to produce butter, cheese, cream or other products such as ice cream, custard pudding and condensed milk. The market relies on domestic production in these fields, with imports filling the gap. On the other hand, cheese domestic production is relatively low, yet present, mostly due to the minor part of

[140] Got (More) Milk? Why Japan is Encouraging Consumption, https://unseenjapan.com/milk-consumption-encouraged-japan/

[141] Japan: Dairy and Products Annual (2021). https://www.fas.usda.gov/data/japan-dairy-and-products-annual-7

[142] Japan in 2022: Dairy consumption, production, demand, https://www.dairyglobal.net/world-of-dairy/country-focus/japan-in-2022-dairy-consumption-production-demand/

the domestic milk production that is dedicated to cheese production. In the case of butter, production is also rather limited.[143]Japan produces around 45 000 tonnes of cheese annually. The production has been increasing in recent years and is forecast to continue to grow. The number of cheese factories is increasing as well. There are more than factories, many of which win prices in global cheese competitions. The growing number of cheese factories also can serve as surplus milk in emergencies.

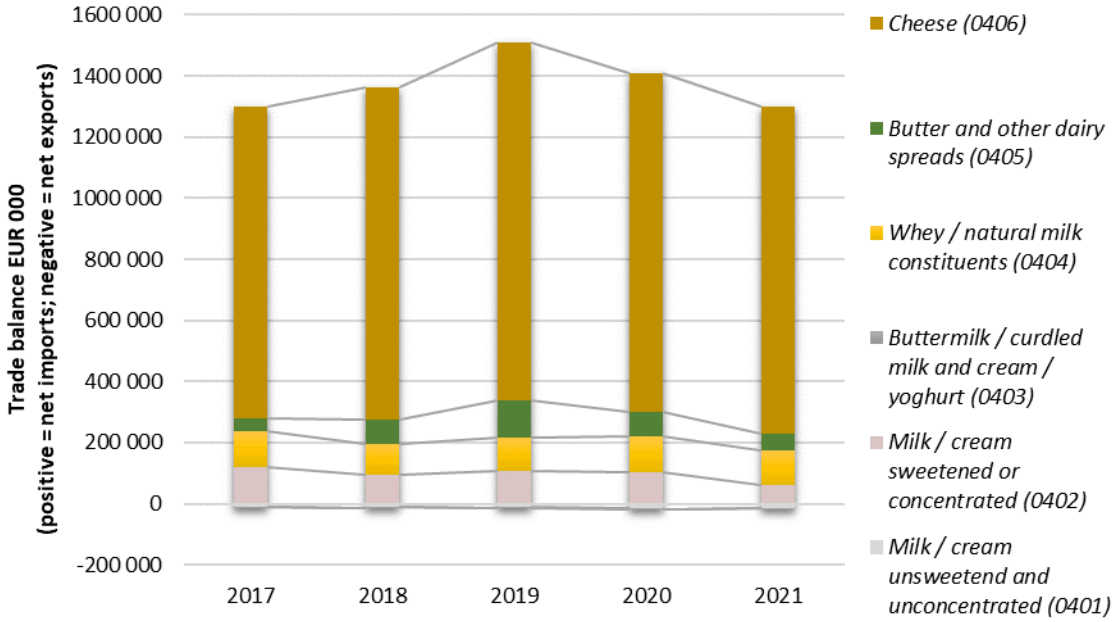
The dairy market is fragmented but still clearly dominated by local producers, in particular by Megmilk, Meiji and Morinaga. Megmilk leads the cheese, butter and spreads and drinking milk, whereas Meiji is leading the yoghurt category. Meiji moreover ranks second in cheese and drinking milk. Morinaga takes the lead in the other dairy category and ranks third in cheese and yoghurt.

Imports and exports

Japan is a strong net importer of dairy, despite its local production of different dairy products. The country imported a value of around EUR 1.32 billion in 2021, whereas it exported close to 43 million. In 2021 This means Japan imported 31 times more dairy products per value than it exported (Figure 5-13). Cheese imports to Japan account for over 80% of the whole dairy net import market value. Even though Japan is a net importer overall and the following categories are very small, it is a net exporter in the milk/cream sweetened or concentrated category as well as the buttermilk/curdled milk/yoghurt category.

[143] Market opportunities for EU agribusinesses in the context of the EU-Japan EPA; W.Fournel; 2017; https://www.eu-japan.eu/sites/default/files/publications/docs/2017-10-market-opportunities-eu-agribusinesses-fournel-min.pdf

Figure 5-13: Trade balance (imports and exports) of dairy in Japan, 2017-21; EUR 000



Source: Trade Map, International Trade Centre - https://www.trademap.org/

CN codes in brackets.

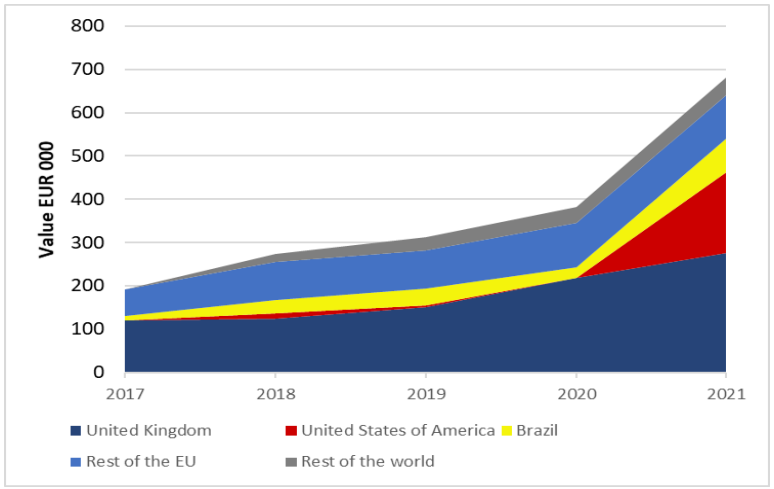
In terms of origins of imports, New Zealand and the US are important origins for multiple categories. The strongest EU exporters of dairy products to Japan are the Netherlands and Germany. More specifically, as shown in Figure 5-14:

- ***Sweetened/concentrated milk/cream:*** New Zealand accounts for over 30% of total imports to Japan with Australia and the United States making up a majority of the remaining exports. Yet, the EU in total still accounts for close to 26% of exports, with France, Netherlands and Germany being the main exporting countries.
- ***Unsweetened/unconcentrated milk/cream***: The United Kingdom is the largest exporter with a share of over 40% of exports to Japan. The United States and Brazil have emerged as the second and third largest exporters respectively. The EU in total accounts for about 15% of imports, with Germany and France being the main exporting countries.
- ***Buttermilk, curdled milk and yoghurt***: New Zealand accounts for approximately 58% of imports to Japan with the US and Switzerland ranking second and third. The EU in total accounts for close to 8% of imports, with the Netherlands and Germany being the main exporting countries.
- ***Whey and natural milk constituents:*** The United States accounts for just under 25% of imports with New Zealand and the Netherlands making up most of the remaining imports. The EU in total accounts for close to 29% of imports. Besides the Netherlands, Germany is one of the main exporting countries as well.
- ***Butter/dairy spreads***: New Zealand accounts for the majority of imports with about 60%. France and the Netherlands are the second and third biggest exporters of butter and spreads to Japan. The EU in total accounts for close to 36% of imports.

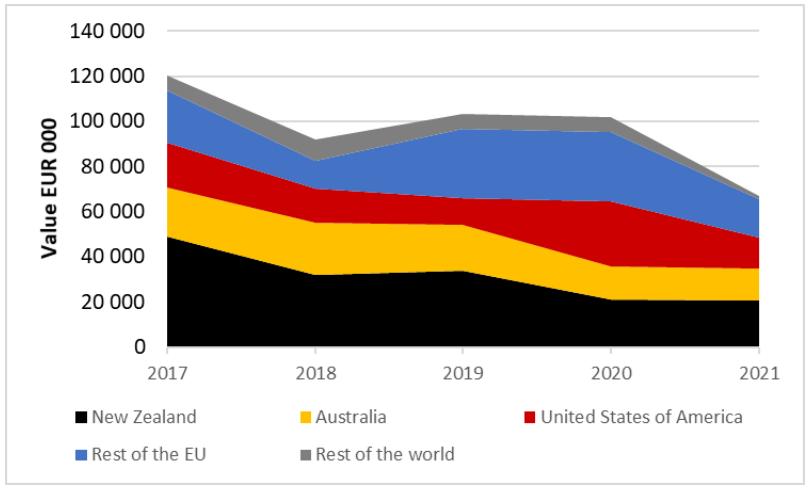
- ***Cheese***: Australia accounts for 19% of all trade followed by New Zealand and the United States. Yet, the EU in total still accounts for about 45% of exports, with Netherlands, Germany and Italy being the main exporting countries.

Figure 5-14: Japanese imports of different dairy categories by country, 2016-20; EUR 000

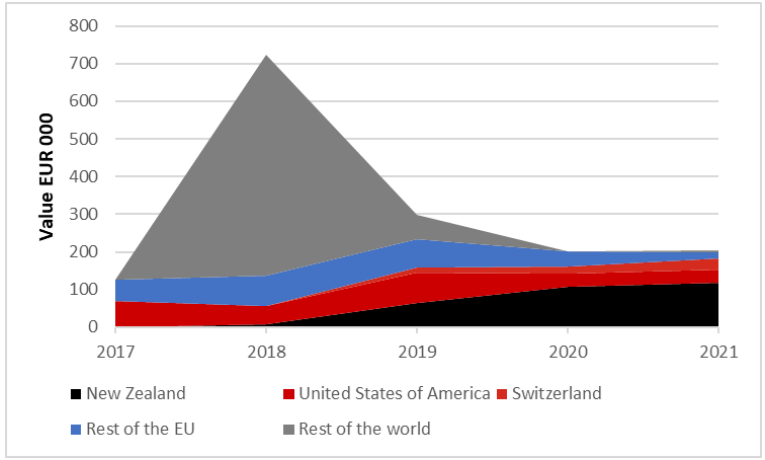
0401 Milk/cream unsweetened/concentrated



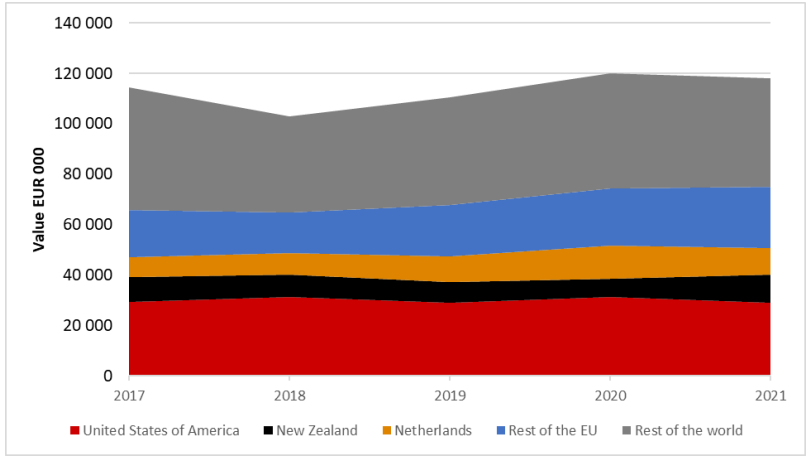
0402 Milk/cream sweetened/concentrated



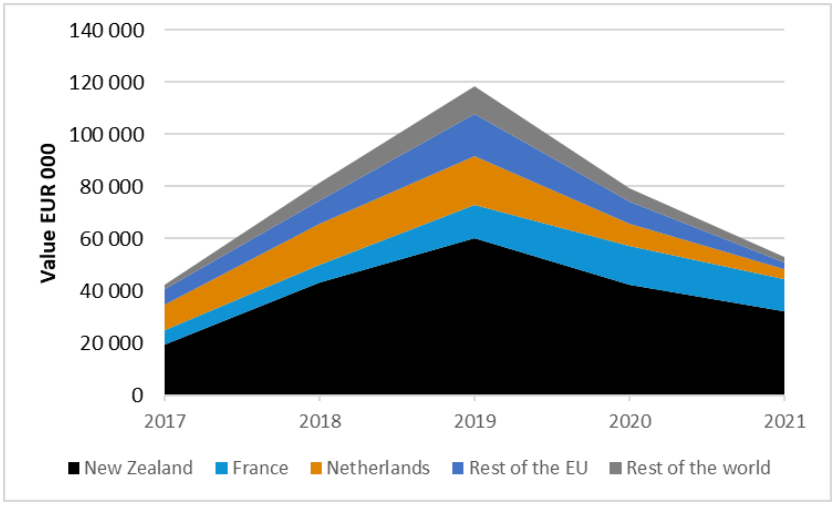
0403 Buttermilk / curdled milk and cream/yoghurt



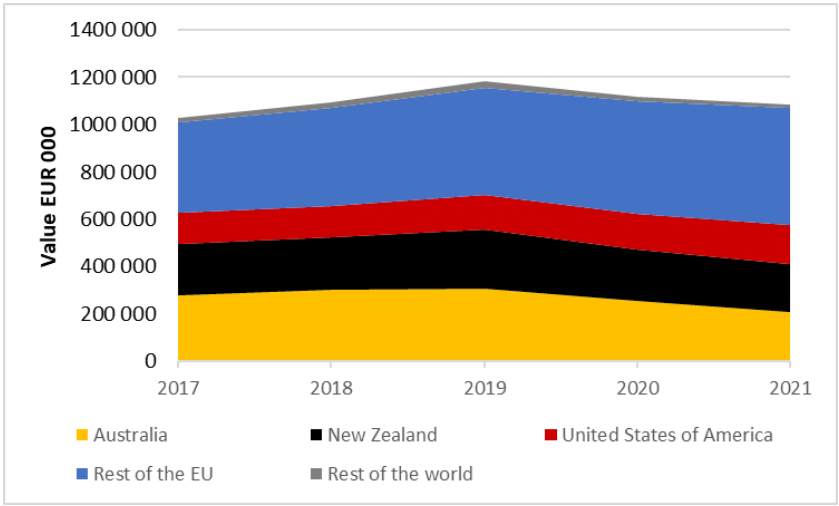
0404 Whey/natural milk constituents



0405 Butter/dairy spreads/



0406 Cheese



Source: Trade Map, International Trade Centre - https://www.trademap.org/

CN codes are indicated above graphs.

EU GI products

The Economic Partnership Agreement between Japan and the EU, signed in July 2018, gives recognition and protection of EU GIs products. Among them, there are also several dairy products:

- Butter:
  - Beurre d'Ardenne (Belgium)
  - 'Beurre Charentes-Poitou/Beurre des Charentes/Beurre des Deux-Sèvres (France)
- Cheese:
  - Vorarlberger Bergkäse (Austria)
  - Danablu (Denmark)
  - Brie de Meaux (France)
  - Camembert de Normandie (France)
  - Comté (France)
  - Emmental de Savoie (France)
  - Reblochon / Reblochon de Savoie (France)
  - Roquefort (France)
  - Laguiole (France)
  - Abondance (France)
  - Pont-l'Évêque (France)
  - Φέτα – Feta (Greece)
  - Κασέρι - Kasseri (Greece)
  - Κεφαλογραβιέρα - Kefalograviera (Greece)
  - Asiago (Italy)
  - Fontina (Italy)
  - Gorgonzola (Italy)
  - Grana Padano (Italy)
  - Mozzarella di Bufala Campana (Italy)
  - Parmigiano Reggiano (Italy)
  - Pecorino Romano (Italy)
  - Pecorino Toscano (Italy)
  - Provolone Valpadana (Italy)
  - Taleggio (Italy)
  - Pecorino Sardo (Italy)
  - Edam Holland (the Netherlands)
  - Gouda Holland (the Netherlands)
  - Queijo S. Jorge (Portugal)
  - Telemea de Ibănești (Romania)
  - Idiazabal (Spain)
  - Mahón-Menorca (Spain)
  - Queso Manchego (Spain)

Main competitors

Even though the EU is an important exporter of dairy products to Japan, it is not the leader in the category. Overall, the main competitors are New Zealand, the United States and Australia. The EU in total accounts for about 20% to 40% of the import market value per dairy category. The

biggest import market by value is the one for cheese which is led by Australia. The EU however, accounts for over 40% of cheese imports (with the market indeed strongly reliant on cheese imports overall).

Domestic manufacturers dominate the market for categories such as fresh milk and yoghurt; though they are active in other areas as well such as cheese, butter and infant formula. The domestic market leaders are:

- Meiji Co Ltd
- Megmilk Snow Brand Co Ltd
- Morinaga Milk Industry Co Ltd

5.3.4 Specific market entry requirements

Market access and custom procedures

Dairy products are subject to inspection by Animal Quarantine Service (AQS). In addition, the necessary certificate for animal products, issued by the competent authority of the exporting country, is required. The certification model differs in terms of the country of origin and it should be obtained from the relevant authority. The list of country certificate samples is listed on MAFF website.[144] Certification for dairy products of animals other than cloven-hoofed should include a statement referring to no risk of spreading pathogens of animal infectious diseases.

The AQS provisions, apply to:[145]

HS code	Example of products
0401, 0402, 0403, 0404, 0405, 0406	milk, skimmed milk, cream, butter, milk powder, whey powder, buttermilk, natural cheese, concentrated milk, etc.
3502.20, 3502.90	milk albumin, concentrated whey, etc
2309.10, 2309.90	feed and pet food containing raw milk or milk products as raw materials, etc

The rules do not apply to any processed products, e.g.:

- Processed cheese
- Evaporated milk
- Evaporated skim milk
- Yoghurt
- Butter oil and others

More information can be found on the following website: https://www.maff.go.jp/aqs/topix/dairy_products_en.html

[144] Animal quarantine inspection for dairy products; MAFF; 2018;

http://www.maff.go.jp/aqs/topix/dairy_products_en.html

[145] Animal quarantine regulations for dairy products; MAFF; 2017;

http://www.maff.go.jp/aqs/topix/attach/pdf/dairy_products-23.pdf

Tariffs are variable. Tariffs for 0401 range between 11.6% and 21.3% which is below the MFN. Quantity tariffs may apply as well. Tariffs for 0402 are between 25% and 35%. There is no advantage for the EU. 0403 tariffs are between 11.6% and 29.8%, which is below the MFN, and quantity tariffs may apply as well. For 0404 tariffs range between 0% and 35%, which means that they are sometimes below MFN. For 0405 tariffs are the same as MFN at 35%. Tariffs for 0406 products range between 15.4% and 40%.

A list of standard documents as well as an overview of the procedure is presented in section 4.2.1. It should be noted though that importing dairy products might require providing additional documentation concerning AQS, as mentioned above.

Documentation related to the import of dairy products include:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Veterinary health certificate for animal products
- Import quarantine certificate for animal products
- Certificate of dioxin content
- (possibly, in specific cases) BSE certificate

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – general cheese category (0406) from France to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=0406&origin=FR&destination=JP

SPS measures

There are currently no specific SPS related challenges concerning dairy products. More information can be found in section 4.3.4.

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

Section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in the case of all processed foods, it imposes labelling requirements concerning allergens (including milk), nutritional components and countries of origin of ingredients as well as the country of manufacture.

5.3.5 Distribution

Grocery retailers account for 77.6% of the distribution of dairy; with non-grocery retailers accounting for 12% of sales. The popularity of both, grocery retailers and non-grocery retailers have increased since 2016. E-commerce sales accounted for 4.9% in 2021, which is an increase since 2016. The main grocery retail channels as shown below in Figure 5-15 are supermarkets, which accounted for 44.8% of sales by retail value in 2021, and hypermarkets with 21.9%. However, this overarching picture for dairy masks some notable differences between products, based on their shelf stability/chilling requirements and the consumers who purchase the product (which itself is impacted by the former factor). More specifically:

- ***Drinking milk***: Modern grocery retailers account for 56.2% of sales, mixed retailers for 26.9%and traditional grocery retailers account for 1.4%. Supermarkets are the largest sub-channel with a share of 43.9% and convenience stores with 12.3%. E-commerce accounts for 1.7% of sales.
- ***Yoghurt***: Modern grocery retailers are the largest distributors with a share of 48.7% of the market followed by mixed retailers with a share of 25.2%. Traditional grocery retailers account for 0.4%. Supermarkets account for 40.7% of sales and are the largest sub-channel in the market. E-commerce accounts for 1.5% of sales.
- ***Cheese***: Reflecting demand largely from urban consumers, modern grocery retailers account for 55.2% of all cheese distributed in Japan with supermarkets more specifically accounting for 49.4% of all sales. Mixed retailers account for 31.7% of sales and traditional grocery retailers for 1.4%. E-commerce sales make up 2%. Most grocery stores in Japan offer cheese, however the selection available is usually much smaller than in the west. However, speciality import stores such as Kaldi offer a large variety of cheese (in particular high-quality foreign cheeses), especially in Tokyo. Costco is also a good place to buy cheese.[146]
- ***Butter and spread***: Modern grocery retailers account for 59.6% of all sales making this the most important distribution channel in Japan. Mixed retailers account for 29.6% of sales and traditional grocery retailers for 0.7%. Supermarkets are the largest sub-channel with a share of 58.6% of all sales.
- ***Other dairy***: Modern grocery retailers account for 53.6% of sales, mixed retailers account for 32% and traditional grocery retailers account for 0.5% of sales. Supermarkets are the largest sub-channel with a share of 50.3%. E-commerce accounts for 1.2% of sales.

Imported dairy products from the EU are often sold in Japanese supermarkets, speciality stores such as Atsuta Fushimi, and convenience stores. Online subscription-based platforms are becoming more popular as well, and EU products are distributed via trade fairs and exhibitions.

[146] 11 Interesting Facts About Cheese in Japan (2021), https://escapetoasia.net/cheese-in-japan/#:~:text=Cheese%20is%20less%20popular%20in,now%20eat%20cheese%20every%20day.

Figure 5-15: Distribution channel overview of dairy in Japan (2020); all dairy products; retail value



Source: Euromonitor International: Packaged Food, 2022.

5.3.6 Challenges for EU products

While the EPA offers opportunities, the greatest challenge for EU dairy manufacturers is high competition both from domestic manufacturers as well as foreign importers. Domestic agricultural dairy production in itself is also a challenge. In addition, one must take into account that dairy as such is not a traditional part of the Japanese diet, and even though its population is increasing due to the westernisation of the Japanese diet, some products are unfamiliar to consumers. It should be remembered that the majority of Japanese are lactose intolerant which may pose a challenge when trying to reach consumers with products.[147] Lastly, the consumers' concerns over sustainability in the food chain are rising which might result in more consumers cutting back their dairy consumption.

[147] Lactose Intolerance by Country, https://milk.procon.org/lactose-intolerance-by-country/

Market Takeaway: Dairy

Consumption: *Consumption of dairy products takes slightly different forms as in Europe – dairy is largely considered as a drinking beverage or healthy and convenient yoghurt. However, cheese consumption has been on the rise and is expected to keep the upward trend, while all other categories are forecast to decline.*

Competition: *The market is dominated by major domestic players including Megmilk, Meiji, and Morinaga. Even though the EU is an important exporter of dairy to Japan, it has to compete with other major exporters such as New Zealand, the United States and Australia.*

Distribution: *Dairy products are in the vast majority distributed through store-based retailers, however the shares of particular retailers differ depending on the products. Mostly supermarkets (modern distribution channels) and mixed retailers play a major role in the distribution. E-commerce is still small but growing.*

Challenges*: High competition both from domestic manufacturers as well as foreign importers, depending on the product. The second challenge relates to the Japanese's comparatively low knowledge of dairy as such, given that dairy is not a part of the traditional diet. Lastly, the majority of Japanese tend to be lactose intolerant.*

Opportunities: *Demand for healthy, natural and value-added, premium and plant-based products is increasing. New flavours and innovation as consumers get bored easily. Education and promotion through TV ads and social media.*

5.4 Wine

5.4.1 SWOT analysis

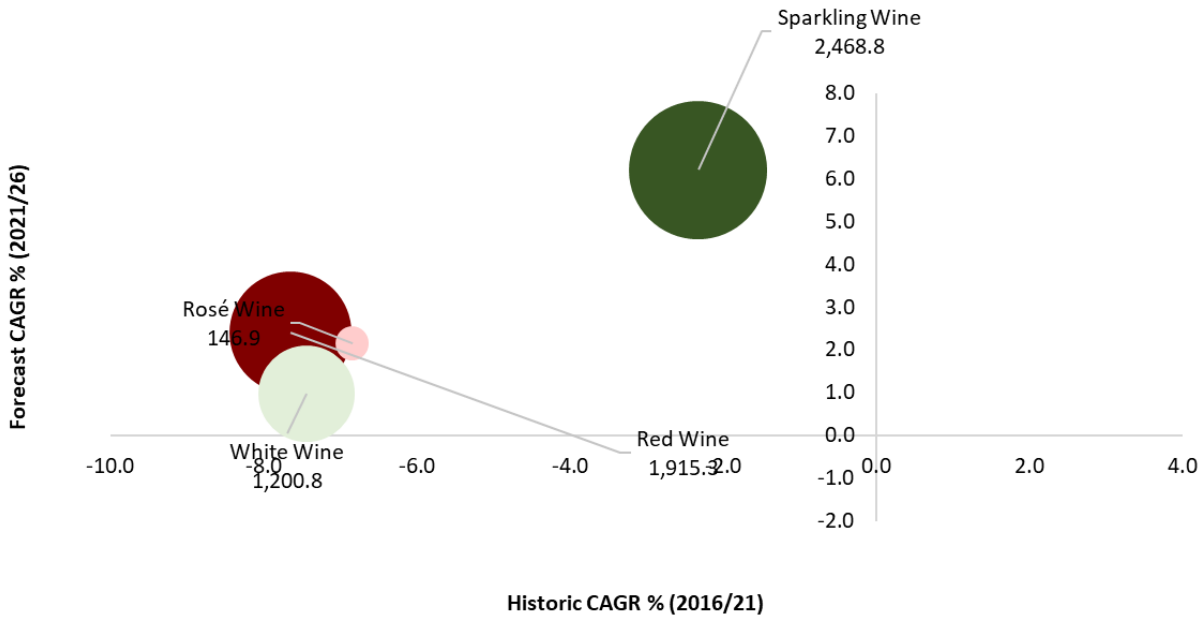
STRENGTHS (+)	WEAKNESSES (-)
▪ Japanese wine consumption by value is forecast to increase. ▪ In 2021 Japan imported over 280 times more wine than it exported to the world. ▪ The EU exports accounted for nearly 80% of the total import market value in 2021. In particular wine from France and Italy is popular. ▪ The structural deficit in wine necessitates considerable imports to meet demand as Japanese wine production is small.	▪ The wine market faces increasing pressure from other categories, particularly Ready-to-Drink beverages (RTDs), beer and sake. ▪ The quality of Japanese wine is increasing and so does its popularity (however, production remains at a lower level). ▪ Consumption of rosé wine is relatively low.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Sparkling wine is the largest category by value and is forecast to grow with the highest CAGR. ▪ Wine from the EU has a very good reputation in Japan. ▪ The market is driven by the older generations, yet possibilities to attract the younger generation are available. ▪ Off-trade offers opportunities because of the COVID-19 pandemic but on-trade will become more popular again once the effects of the pandemic wear off.	▪ Other exporting countries such as Chile, the US, and Australia often export wine at lower prices than the EU. ▪ Large domestic companies that dominate the market such as Suntory Wine, Merican Corp, Asahi Breweries and Sapporo Breweries. ▪ The practice of using imported products to ferment wine in Japan.

5.4.2 Consumption

Evolution of consumption

In 2021 the total grape wine market in Japan was worth more than EUR 5.7 billion. As shown in Figure 5-16, sparkling wine is leading the market. In 2021, the sparkling wine market was worth about EUR 2.47 billion, followed by red wine with close to EUR 1.92 billion. These two categories together made up around 80% of the total market size in 2021. The remaining 20% are made up of white wine, which accounted for close to EUR 1.20 billion and rosé wine with over EUR 145 million. Historically, between 2016 and 2021 the market for all wine categories was decreasing. However, the markets of all wine categories are forecast to grow at positive CAGRs between 2021 and 2026. The sparkling wine market is forecast to grow at about 6.2% per year between these years, which is the highest forecasted CAGR. White wine has the lowest forecasted CAGR of 1.0%.

Figure 5-16: Evolution and forecast of the wine market in Japan, 2016-2026; total value (million Euro)



Source: Euromonitor International: Alcoholic Drinks, 2022.

Consumer profile and purchase criteria

Consumers

Wine consumers in Japan come from all different parts of society and all age groups. In general, about 30% of the population drinks wine at least once a month. However, some groups drink more wine than others.[148]

In particular, the older generation enjoys drinking wine as it started to be an increasingly common and popular drink when they reached the legal drinking age. Today, older consumers enjoy wine, red wine in particular, because some believe it prevents the ageing of arteries and controls blood pressure. Thus, the elderly concerned about their health are likely to be wine consumers. There are even many wine connoisseurs in Japan that learned about wine in the 1980s and 1990s and thus are now also part of the older population. Wine experts in general are curious wine consumers, very knowledgeable and open to trying something new. They are likely to be consumers of premium products.

Younger consumers drink less alcohol in general and thus also less wine than their older generation. However, young Japanese wine drinkers are very open-minded and interested in trying different wine styles compared to the older generation.[149] As younger consumers are more

[148] Wine: a drink that seduces Japan, https://sopexa.com/en/news/wine-drink-seduces-japan/#:~:text=Today%2C%2029%25%20of%20the%20Japanese,a%20year%20for%20a%20Tokyoite.

[149] Wine: a drink that seduces Japan, https://sopexa.com/en/news/wine-drink-seduces-japan/#:~:text=Today%2C%2029%25%20of%20the%20Japanese,a%20year%20for%20a%20Tokyoite.

open-minded they often have a larger repertoire of white and red wines that they consume, which offers opportunities for less well-known brands or varieties on the market. One reason for this is that they might not be as educated about wine compared to older consumers.[150] Younger consumers are less interested in buying premium products but rather look for novelty, whereas it is the other way around for older consumers, who look for quality rather than novelty. As Japan's population is the oldest in the world and continues to age premium wines will continue to be popular.

In general, Japanese women tend to drink less alcohol than Japanese men, however, they are more likely to be the ones to choose the wine that will be drunk.[151] Wine tasting courses are also more popular among women than men. [152] Young women tend to be more easily influenced by celebrities and thus may choose their wine accordingly. Some women also believe that wine is effective for a beautiful skin.

Overall, consumers' incomes are highest in cities, which is why wine is mostly consumed by urbanites. In addition, wine is readily available in cities whereas this might not be the case everywhere in the country. Japanese consumers in suburbs or the countryside are less likely to consume wine due to its higher price point compared to local alcoholic beverages such as sake or beer.

Wine from the EU is mainly popular with consumers with high disposable incomes. In particular, older people enjoy old world wines, as well as wine enthusiasts and experts. Sparkling wine from the EU is popular amongst Japanese women.

Drivers and method of consumption

Japan is the 6th biggest importer of wine in the world and the second biggest wine-consuming nation in Asia.[153] The continued westernisation of Japanese consumption patterns and the simultaneous integration of wine into diets constitute the main drivers for wine consumption in Japan. The novelty-seeking criterion also plays a fundamental role, and as a result, consumers are more adventurous in wine tasting. That said, the characteristics of Japanese cuisine also influence wine consumption to some extent, as wine may specifically be paired with it.

Wine is increasingly chosen as an everyday drink rather than just for special occasions. It has become popular both during informal pub wine gatherings (*izakaya* bars) and formal social networking events. However, wine is sometimes still seen as an occasional drink that is consumed seasonally. The high seasons for wine consumption are during the release of the Beaujolais

[150] YOUNG AND ADVENTUROUS WINE DRINKERS TAKE HOLD IN JAPAN, https://www.wineintelligence.com/young-and-adventurous-wine-drinkers-take-hold-in-japan/

[151] Japan, a Wine Market of Tradition (2021), https://analytics.wine/japan-traditional-consumption-wine/

[152] Wine: a drink that seduces Japan, https://sopexa.com/en/news/wine-drink-seduces-japan/#:~:text=Today%2C%2029%25%20of%20the%20Japanese,a%20year%20for%20a%20Tokyoite.

[153] A closer look: Japan's wine market (2021), https://www.wine-business-international.com/wine/general/closer-look-japans-wine-market

Nouveau in mid-November as well as during the New Year party season in late December. It moreover is a welcoming drink for wedding parties, receptions or birthday parties.

Wines are also acceptable gifts, such as for Father's Day, in particular for consumers who enjoy drinking other alcoholic drinks such as beer or sake and are interested in other varieties of alcohol.

Sparkling wine is often paired with delicate Japanese dished including sushi and tempura because of its soft mouth feel and mild acidity. White and red wines are consumed with stronger flavoured Japanese dishes. White wine for example is paired with smoked salmon blini and clam. Red wine on the other hand is commonly paired for example with stewed beef tendon and braised pork.

Recently, due to the COVID-19 pandemic, the demand for on-trade decreased whereas the off-trade demand for at home consumption increased. As consumers increasingly spent more time at home and less time going out many started to experiment with wine at home. Many consumers drank wine for the first time in the last few years.

The popularity of non-alcoholic wines increased in the last years and are now commonly found in restaurants or as an option at events. The serving ban on alcoholic beverages pushed Japanese consumers to familiarize themselves with non-alcoholic wines. Alcoholic drinks are now available through the on-trade again, but non-alcohol wines remain the continued choice of consumers that want to drink but do not want to get drunk, or by those who have trouble digesting alcohol. In addition, the increasing health consciousness of Japanese consumers is driving the non-alcohol wine sector as well.[154]

Purchase criteria

- **Type of wine:** The most popular choice of wine in value terms is sparkling wine. This is followed by red wine and then white wine. Rosé is not as popular yet compared to the other wine categories. Fortified wines and Vermouth are not popular in Japan. The popularity of sparkling wine increased when it became a symbol of luxury that is often consumed by wealthy consumers, who are particularly likely to choose Champagne. It is however consumed by those outside this segment – most notably in the case of special occasions. One of the most imported sparkling wines is *Franciacorta* which is produced in Italy. Domestic favourites are *Koshu Sparkling* and *Grace Blanc de Blancs*. Consumers' favourite red wine varieties are Cabernet Sauvignon and Merlot, whereas they prefer Chardonnay and Sauvignon for white wines. Japanese consumers, in general, prefer to purchase white wines that are fruity, tangy and fresh and red wines that are rich and fruity.[155]
- **Price:** The price of the wine plays an important role for the consumers. They want to get the best value for their money.[156] However, for some people, the quality of wine is more important than the price. This is the case for the affluent consumer who knows a lot about wine, whereas younger less affluent consumers pay more attention to the price rather than the quality.

[154] Euromonitor International, Passport (2022): Wine in Japan.

[155] Wine: a drink that seduces Japan, https://sopexa.com/en/news/wine-drink-seduces-japan/#:~:text=Today%2C%2029%25%20of%20the%20Japanese,a%20year%20for%20a%20Tokyoite.

[156] That said, purchase criteria are largely determined by the knowledge and socioeconomic status of the consumer.

- **Quality:** As mentioned before quality is important to affluent consumers who know a lot about wine. That said, it is also important to less affluent consumers who know to differentiate better quality from lower quality wines. During the time of home seclusion due to the COVID-19 pandemic, many consumers upgraded to higher quality and premium wines to treat themselves and enjoy life.
- **Country of origin:** Japanese knowledgeable wine consumers place high importance on the country of origin. They associate wine from several countries, such as France, Italy, Chile, and Spain as being of high quality to some extent or another. France in particular has a stable reputation for high quality and is often seen as a premium product; while Chile is seen as a good option for the quality-price relationship.
- **Alcohol content:** Due to the serving ban of alcoholic beverages on-trade due to the COVID-19 pandemic, non-alcoholic wine became increasingly popular. Furthermore, consumers became familiarised with non-alcoholic wines at home or during celebrations such as weddings or birthdays. This focus on low alcohol content has subsequently remained. In particular the younger generation is choosing low and no-alcohol wines as they tend to consume less alcohol in general and are often very health conscious.
- **Package**: During the last years, smaller package sizes became the more popular choice as consumers were not drinking in large groups anymore due to the COVID-19 pandemic. In particular, canned wine that has the right size for one person to drink at home has become popular. Canned wine is easy to carry around, easy to open and takes up less storage space than wine bottles. Most cans come with about 250ml. Other aspects of packaging are important for consumers as well such as aesthetics and clear labelling. Consumers want to easily understand what product they are looking at to make it easier to decide if they should buy it or not.
- **Recommendations:** As the level of knowledge about wines differs among consumers and is further impacted by high product availability, wine drinkers often rely on recommendations given by shopkeepers or even recommendations from friends and/or family. These recommendations may not only include the taste characteristics but may also extend to food pairing. Retailers, restaurants and bars may provide information to assist consumers in differentiating between wines.
- **Novelty:** The novelty of wine products is particularly important to younger consumers as they like to try new flavours and brands.
- **Sustainability:** Consumers that are very conscious about the environment are more likely to purchase sustainability-conscious products such as organic wines.

Wine on retailers' shelves in Japan

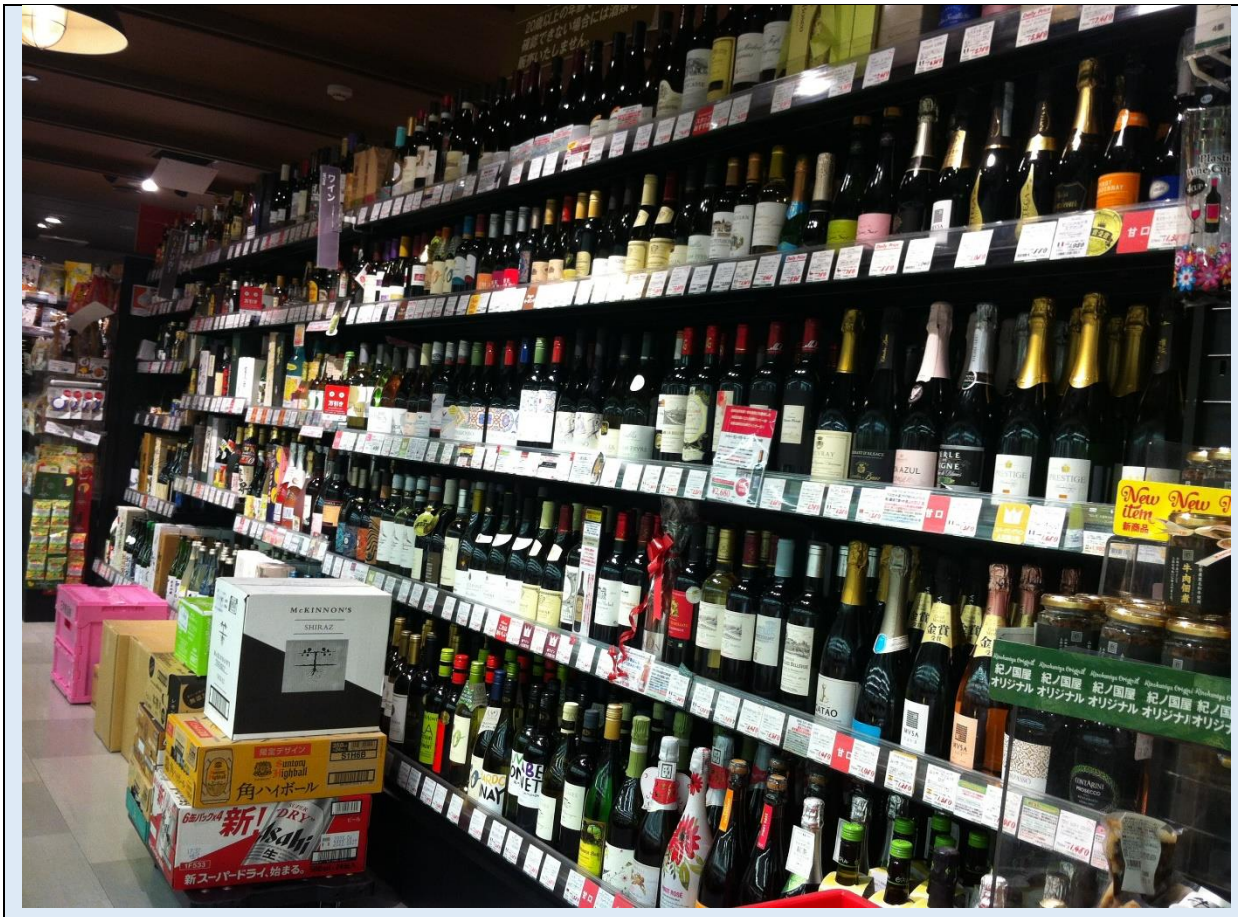
Wine is sold in different packaging formats in Japan. Glass bottles are by far the most popular type, followed by PET bottles and paper-based containers. Some wine brands sell their products in portion sized metal cans. The standard size of glass bottles for wine sold in Japan is 750ml, whereas boxed wines usually have a capacity of 2 litres or 3 litres.

The usage of PET bottles and paper-based containers slowly increasing because consumers deem those to be more sustainable as they can recycle them. To enhance this, recycle signs are found on PET bottles and paper-based containers. Even some companies that originally used glass bottles to offer high-qualitative packaging are now making the switch to PET packaging types. However, most consumers still prefer high-end glass packaging as visually

appealing wine bottles are important to them. People even collect pretty wine bottles. Wine in glass bottles is commonly used as a gift whereas wine in PET bottles is not.

Picture below: Wine shelf in a Japanese retailer, depicting packaging materials used.





Picture above: Large wine shelf organised by type of wine.

On retailers' shelves in Japan, wines are displayed by grape type, production area, and similar tastes. This enables consumers to find what they are looking for faster. On some occasions, wines are displayed in decorative baskets to look more desirable. These baskets are filled with wine bottles, but sometimes also with additional items such as chocolates or cheeses that can be paired with wine. Such wine baskets are considered to be good gifts for various occasions.

Picture below: Wine presented in a basket at a Japanese retailer.



POPs, which are the papers attached to a product shelf, are used to enhance the presentation of wine. POPs explain the characteristics of wine and how to consume it. This helps consumers that are new to drinking wine.

Wine prices can differ greatly. Boxed wine is generally more affordable than bottled wine. Most boxed wine costs between JPY 2 000 and JPY 4 000. Sales promotions are common. A bottle of 750 ml of wine has the following price ranges in Japan:

- Value/Economy: >JPY 1 000
- Mid: JPY 1 000 - JPY 2 500
- Premium: JPY 2 500 - JPY 5 000
- Super Premium: >JPY 5 000

Picture below: Price promotions on European wine in a Japanese retailer.





Picture above: Locked super premium wine; other wine.



Picture above: Ready to drink wine in smaller portion sizes in the refrigerator section.

Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The following recent market trends can be observed:

- **Health trend and non-alcoholic wines:** Due to the health trend in combination with the ban on serving alcohol in on-trade establishments, the popularity of non-alcoholic wines increased as consumers became accustomed to them. This trend particularly appeals to younger consumers that are generally more health conscious and already drank less alcohol prior to the COVID-19 pandemic. Many consumers also opted for non-alcoholic wines to be served at events such as weddings and banquets. Enoteca for example launched Joyea organic non-alcoholic wine with less than 0.1% abv. Lower alcohol wines are increasingly popular as well. Mercian launched Bon Rouge, which is a wine containing 6% abv (rather than the regular 10% plus). Other products of interest are functional products such as lower-carb or zero-carb wines.
- **Drinking at home trend:** As consumers were not able to consume wines in bigger groups or while dining outside or going to a bar with friends due to the restrictions of the COVID-19 pandemic, home drinking became more popular. Even in 2022, as the effects of the pandemic linger around and consumers still prefer to stay home and enjoy some wine by themselves or with their families.
    - **Product packaging:** As a result, smaller package sizes are still trending as people that drink alone usually do not consume a whole 750ml wine bottle, they prefer to purchase smaller volumes e.g. canned wine. Large wine companies such as Suntory Wine and Motox already introduced canned wine. Wine cans usually have about 250ml of wine which is about two wine glasses and one-third of a bottle. Cans have the right portion size for one person, they are lighter to carry around, take up less storage and are easy to open. Canned wines are also more convenient as they can be consumed anywhere.
    - **Premium products trend:** Due to the increased home drinking trend, premium products are gaining popularity as well, as consumers wanted to enjoy their life and spoil themselves with some good wines. With consumers somewhat still less likely to purchase drinks in on-trade establishments, they often opt for their favourite on-trade drinks at home. These drinks often tend to be more premium drinks.
- **New products trend:** New products are trending in particular within the younger consumer base, as they are open-minded and always interested in trying something new.[157]
    - **Growing popularity of blended wines:** Manufacturers start to experiment with using different imported grapes to create their own wine varieties. Mercian Wines released an imported wine brand in 2022. One of their wines called “Mercian Wines Blend Perfect Blend” – a domestic wine[158] - combines grapes from Australia and Spain.
    - **Orange wine:** This wine is made with white grapes but using red wine production methods. It has a fruity flavour and refreshing sharpness due to the white wine but

[157] Euromonitor International, Passport (2022). Wine in Japan.

[158] If wine is called “Japanese wine” it is made from only domestically harvested grapes. “Domestic wines” are produced domestically but use imported grapes.

also a certain richness of red wine. The wine style originated in Georgia and is increasingly popular in Japan also due to the popularity of Georgian cuisine.

5.4.3 Offer

Domestic production

Viticulture, in particular, the cultivation of table grapes has a long tradition in Japan. For several hundred years, the Japanese were used to consuming grapes as fresh fruit. The production of wine in Japan, however, just started with the adaption of western culture in the second half of the 19th century during the Meiji restoration, which was an event that led to fundamental changes in Japanese society. In the beginning, Japanese viticulture was very much steered by the United States and the European Union. Japan imported American and European grape varieties and distributed them to their farmers. The first domestic wine company was founded in the 1870s in the Yamanashi prefecture. Over the years many new varieties were introduced. In 2022, Japan has close to 20 varieties of wine grapes and more than 60 varieties of table grapes. Two of the wine grapes, Koshu and Muscat Bailey A, are native to Japan and listed by the International Organization of Vine and Wine.[159]

Today, Japanese wines tend to get good ratings during international wine competitions. Japanese wine is very diverse in its flavours and other characteristics as many different grape varieties are used including traditional ones, domestic ones, and crossbreeds.

Wine is grown across the country in many different locations such as mountains, valleys, hills and coastal areas. However, the main wine production areas are Yamanashi, Hokkaido, Nagano, and Yamagata.[160] One reason for this is the climate, which varies a lot in different areas of Japan. It is usually very cold and humid in the north and rather warm and dry in the south. In theory, Japan does not provide the best climate for winemaking, yet, initiatives are being carried out to improve cultivation methods and fit them to each area using science and technology.

In Hokkaido, mainly Kerner and Niagara varieties are grown for the production of white wine, and Yamasachi and Pinot Noir varieties for red wine. In the Northeastern regions of Iwate Prefecture and Yamagata Prefecture, Koshu and Riesling Lyon varieties are grown to produce white wines and Zweigeltrebe and Cabernet Sauvignon varieties for red wine. In the Toyama Prefecture and Niigata Prefecture which are situated in the Hokuriku region, Chardonnay (white wine) and Muscat Berry A (red wine) are mostly grown. The Kanto region, mainly the Tochigi Prefecture and Ibaraki Prefecture, is known for the production of Koshu for white wines and Cabernet Sauvignon for red wine. The Yamanashi Prefecture and Nagano Prefecture in the Koshi region grow the native Koshu variety for the production of white wine as well. Popular red wine varieties in these regions are Muscat Berry A and Merlot.[161]

The Japanese wine industry is dominated by a few big players, such as Suntory, which sells the Snaraku, and Manns Wine brands, and Sapporo trading which sells brands such as Chateau Lion

[159] Taking roots, https://culinarybackstreets.com/cities-category/tokyo/2019/taking-root-2/

[160] What is Japanese Wine ?, https://www.winery.or.jp/en/

[161] Complete Guide to Japanese Wine: 11 Unique Things You Need to Know About Wine in Japan (2021), https://livejapan.com/en/article-a0004883/

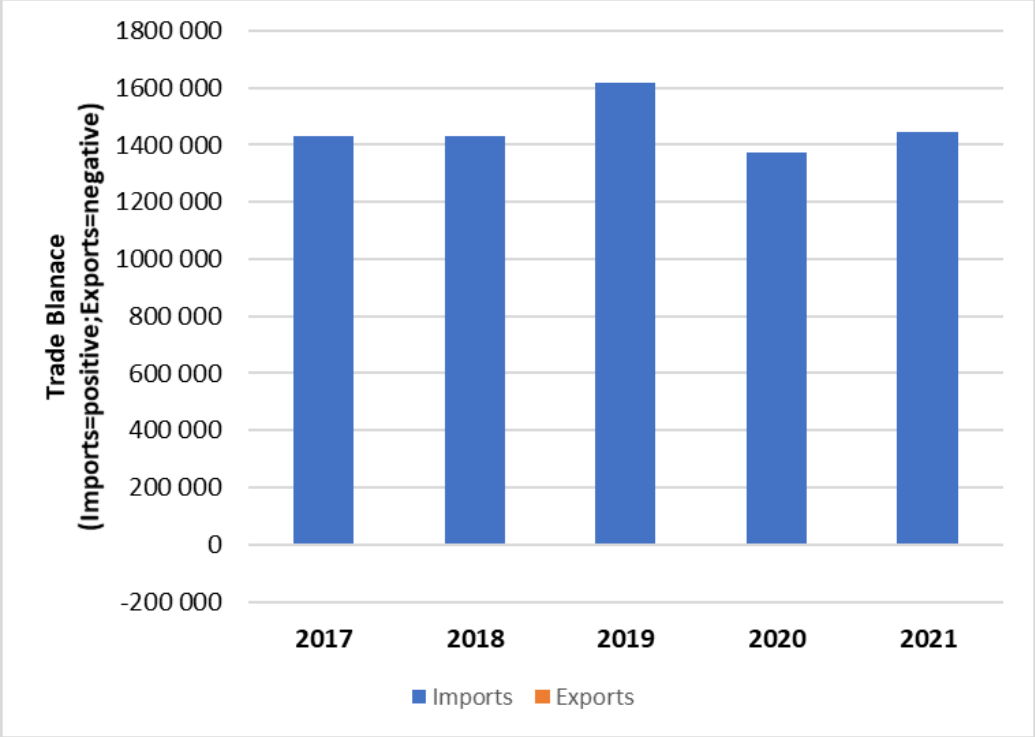
and Delica. Even though the bigger players have access to domestically grown grapes, most of the wine bottles in Japan used imported bulk wine or grape concentrate as domestic production does not meet demand. However, if imported products are used for Japanese wines, this needs to be declared on the label. Even though there are some big players, most (up to 97%) of the around 370 wineries in Japan are small to medium sized. This means most wineries produce less than 100 kilo litres of wine per year. The number of urban wineries is increasing as well, as more consumers are interested in craft drinks particularly in Tokyo. It is easier for small scale craft beer producers to respond quickly to consumers wants because their production facilities are close by the area of consumption.

To sum up, Japanese wine is still quite new to the market compared to some of the old world wines, however, its quality seems to have increased significantly throughout the years, and thus Japanese wines become increasingly popular. However, the price of production in Japan is high due to high labour costs caused by the ageing population, and producers have a limited capacity to produce because of the limited land area available. Moreover, Japanese wineries are still relatively young. As of right know Japan's domestic production is not a big threat to EU wines, however this might change at some point in the future as the consumption of domestic wines in Japan is increasing and producers receive support from the government. Thus, local players could become a bigger threat over time.

Imports and exports

As shown in Figure 5-17, Japan is a strong net importer of wine. In 2021 the country imported wine with a value of about EUR 1.44 billion, whereas it exported a value of about EUR 5.1 million in the same year. This means that in 2021 Japan imported over 280 times more wine than it exported to the world. Imports increased year between 2017 and 2019. In 2020 however, the imported value decreased by around 15% compared to 2019, before increasing in 2021 again.

Figure 5-17: Trade balance (imports and exports) of wine in Japan, 2017-21; EUR 000

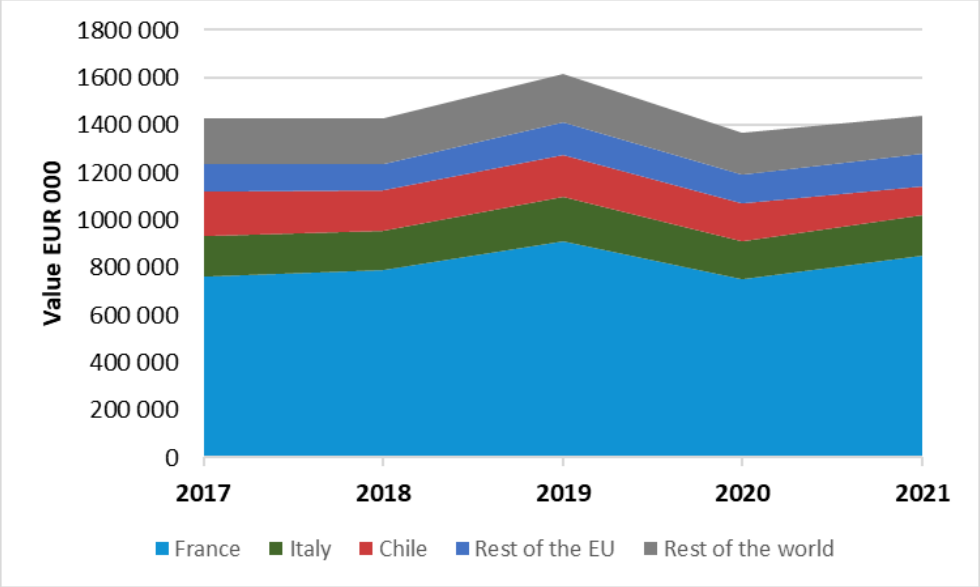


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2204.

In 2021, France was by far the main exporter of wine to Japan, followed by Italy and Chile (Figure 5-18). France exported a value of around EUR 848 million in 2021, and thus accounted for approximately 60% of the total import's market value. Within the same year, Italy exported wine with a value of about EUR 170 million and Chile close to EUR 125 million. In total, four out of the most successful ten exporters of wine to Japan were from the EU including Spain and Germany in addition to France and Italy. The top EU exporting countries accounted for nearly 80% of the total market value in 2021. In addition to Chile, other important non-EU exporters are the United States and Australia.

Figure 5-18: Japan's imports of wine by country, 2017-21; EUR 000

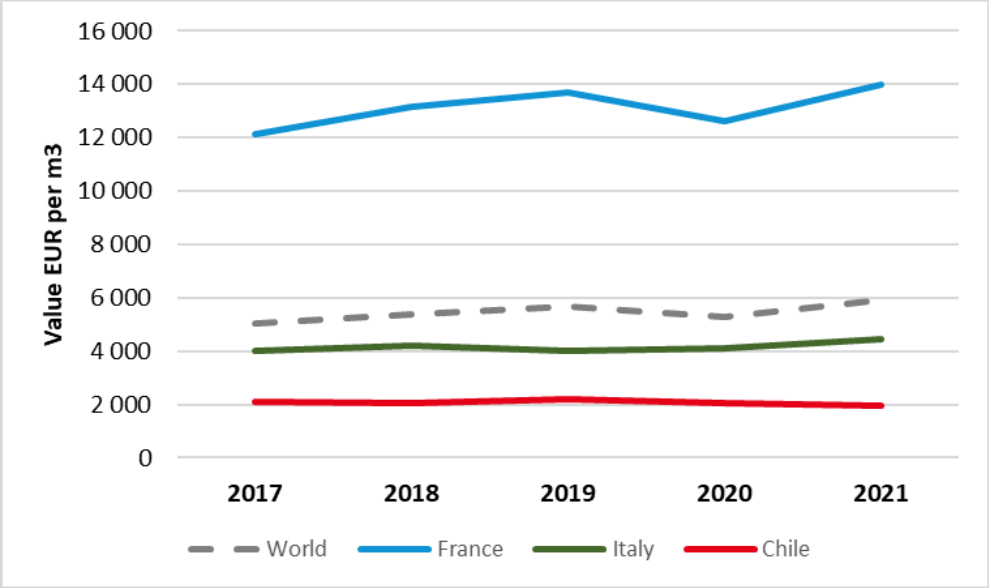


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2204.

The world average unit value of wine exports to Japan was around EUR 5 900 per m3 in 2021 as depicted in Figure 5-19. Since 2017 the world average unit value increased remained stable but overall increased in 2021 compared to 2017. The unit value of the main exporter France was very far above the world average at EUR 14 000 per m3. Thus, the unit value of French wine was close to 60% higher than the world average and the highest of the main exporters. The unit value of the second biggest exporter Italy on the other hand was below that of the world's average at about EUR 4 400 in the same year (though the strong importance of French wine skews the world average upwards to some extent). The unit values of wine from France and Italy between 2017 and 2021 peaked in 2021. Only the unit value of wine from Chile, the third biggest exporter, was highest in 2019 and not in 2021. The unit value of wine from Chile in 2021 was around EUR 1 950, which is much lower than the world's average and lower than that of wine from Italy.

Figure 5-19: Japan's imports of wine by country, 2017-21; value (EUR m3)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2204.

EU GI products

The Economic Partnership Agreement (EPA) between the EU and Japan gives recognition and protection of certain GI agricultural products from the EU. The list includes several EU GI wines:

- Тракийска низина (Transliteration into Latin Alphabet: Trakijska nizina) – Bulgaria
- Дунавска равнина (Transliteration into Latin alphabet: Dunavska ravnina) – Bulgaria
- Κουμανδαρία (Transliteration into Latin alphabet: Commandaria) – Cyprus
- Alsace / Vin d'Alsace – France
- Beaujolais – France
- Bergerac – France
- Bordeaux – France
- Bourgogne – France
- Chablis – France
- Champagne – France
- Châteauneuf-du-Pape – France
- Corbières – France
- Coteaux du Languedoc / Languedoc – France
- Côtes de Provence – France
- Côtes du Rhône – France
- Côtes du Roussillon – France
- Graves – France
- Haut-Médoc – France
- Margaux – France
- Médoc – France

- Minervois – France
- Pauillac – France
- Pays d'Oc – France
- Pessac-Léognan – France
- Pomerol – France
- Saint-Emilion – France
- Saint-Julien – France
- Sancerre – France
- Saumur – France
- Sauternes – France
- Val de Loire – France
- Bordeaux supérieur (France)
- Côtes de Bordeaux (France)
- Crémant d'Alsace (France)
- Saint-Emilion Grand Cru (France)
- Saint-Estèphe (France)
- Franken – Germany
- Mittelrhein – Germany
- Mosel – Germany
- Rheingau – Germany
- Rheinhessen – Germany
- Pfalz (Germany)
- Landwein Rhein (Germany)
- Ρετσίνα Αττικής (Transliteration into Latin Alphabet: Retsina Attikis) - Greece
- Σάμος (Transliteration into Latin alphabet: Samos) – Greece
- Tokaj / Tokaji – Hungary
- Asti – Italy
- Barbaresco – Italy
- Bardolino – Italy
- Bardolino Superiore – Italy
- Barolo – Italy
- Bolgheri / Bolgheri Sassicaia – Italy
- Brachetto d'Acqui / Acqui – Italy
- Brunello di Montalcino – Italy
- Campania – Italy
- Chianti – Italy
- Chianti Classico – Italy
- Conegliano - Prosecco / Conegliano Valdobbiadene - Prosecco / Valdobbiadene – Prosecco – Italy
- Dolcetto d'Alba – Italy
- Franciacorta – Italy
- Lambrusco di Sorbara – Italy
- Lambrusco Grasparossa di Castelvetro – Italy
- Marsala – Italy
- Montepulciano d'Abruzzo – Italy

- Prosecco – Italy
- Sicilia – Italy
- Soave – Italy
- Toscana / Toscano – Italy
- Valpolicella – Italy
- Vernaccia di San Gimignano – Italy
- Vino Nobile di Montepulciano – Italy
- Alentejo – Portugal
- Bairrada - Portugal
- Dão – Portugal
- Douro – Portugal
- Lisboa – Portugal
- Madeira / Vinho da Madeira / Vin de Madère / Madère / Madera / Madeira Wijn / Vino di Madera / Madeira Wein / Madeira Wine – Portugal
- Oporto / Port / Port Wine / Porto / Portvin / Portwein / Portwijn / vin de Porto / vinho do Porto1 – Portugal
- Tejo – Portugal
- Vinho Verde – Portugal
- Coteşti – Romania
- Cotnari – Romania
- Dealu Mare – Romania
- Murfatlar – Romania
- Odobeşti – Romania
- Panciu – Romania
- Recaş – Romania
- Vinohradnícka oblasť Tokaj – Slovakia
- Vipavska dolina – Slovenia
- Goriška Brda (Slovenia)
- Štajerska Slovenija (Slovenia)
- Alicante – Spain
- Bierzo – Spain
- Cataluña – Spain
- Cava – Spain
- Empordà – Spain
- Jerez / Xérès /Sherry – Spain
- Jumilla – Spain
- La Mancha – Spain
- Málaga – Spain
- Manzanilla-Sanlúcar de Barrameda – Spain
- Navarra – Spain
- Penedès – Spain
- Priorat – Spain
- Rías Baixas – Spain
- Ribera del Duero – Spain
- Rioja – Spain

- Rueda – Spain
- Somontano – Spain
- Toro – Spain
- Utiel-Requena – Spain
- Valdepeñas – Spain
- Valencia – Spain
- Cariñena (Spain)
- Almansa (Spain)
- Calatayud (Spain)
- Campo de Borja (Spain)
- Castilla (Spain)
- Yecla (Spain)

Main competitors

As the EU is the main exporter of wine to Japan and accounted for about 80% of the whole import market value in 2021, it does not have many competitors. However, Chile, the United States, and Australia are important exporters to lesser extents which means they are potential threats. Chilean wine, for example, has a reputation to be cheap but delicious. Wine production in Chile is cheaper and Chilean wine farms are generally larger than those in the EU. Australian wines are perceived positively by the Japanese for their complex and evolved tastes.

The domestic production of true Japanese wine is low, as not enough grapes for wine production are produced to meet domestic demand. However, big companies import bulk wine or grape concentrate to make their 'Japanese wines'. Luckily the Japanese government released a law that makes it compulsory for producers to include the information on the label if imported products are being used for Japanese wine.

The biggest competitors as the large domestic companies that dominate the wine market. Particularly Suntory, Mercian Corp, Asahi Breweries and Sapporo Breweries.

Moreover, other countries with current or future FTAs or EPAs such as the Japan-US Trade Agreement that entered into force on 1st January 2020 and aims to remove the tariff on wine gradually, might become bigger competitors in the future as well.[162]

5.4.4 Specific market entry requirements

Market access and customs procedures

There are no specific market access restrictions in Japan related to wine. However, it must be remembered that additives and processing aids in wine are covered by food additive legislation which is lengthy and complex in general in Japan. In addition, like other alcoholic drinks, wine is a subject of general regulations and entry procedures, such as the Food Sanitation Act and the Liquor Tax Law.

[162] LIQUOR, https://ebc-jp.com/committees/consumer-goods/liquor/#:~:text=The%20tariff%20on%20still%20wine,lire%2C%20will%20be%20gradually%20removed.

The government has signed EPAs with many wine producing countries that abolish or reduce tariffs. There are no tariffs on wine from the EU.

A list of standard documents as well as an overview of the procedure is presented in section 4.2.1. Additionally, following Japan Customs guidelines, there are three types of procedures when importing alcoholic beverages:

- For personal use – under 10kg or less with no procedure
- For provision for drinking at self-owned establishments (bar, restaurant etc.) – importers should follow the procedures identified by a respective quarantine station, which holds jurisdiction over the importing area (section 4.2.1). The licence to sell alcoholic beverages does not apply in this case.
- For sale – apart from the quarantine station procedures, an importer should also obtain a licence to sell alcoholic beverages under the provisions of Liquor Tax Law. The application procedure should be consulted with respective Chief Examiner (Liquor Tax and Industry) at Tax office.[163]

The following additional documents are needed for wine:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

Furthermore, additives in alcoholic beverages require additional approval under the Liquor and Tax Act Enforcement Regulation of the National Tax Agency (NTA).

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – general wine category (2204) from France to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=2204&origin=FR&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. A list of designated wine additives can be found here:

https://www.oiv.int/js/lib/pdfjs/web/viewer.html?file=/public/medias/7772/additive-list-ldfa-20210115-translation.pdf

[163] Importation of Alcoholic Beverages (FAQ); Japan Customs; http://www.customs.go.jp/english/c-answer_e/kojin/3105_e.htm

Labelling

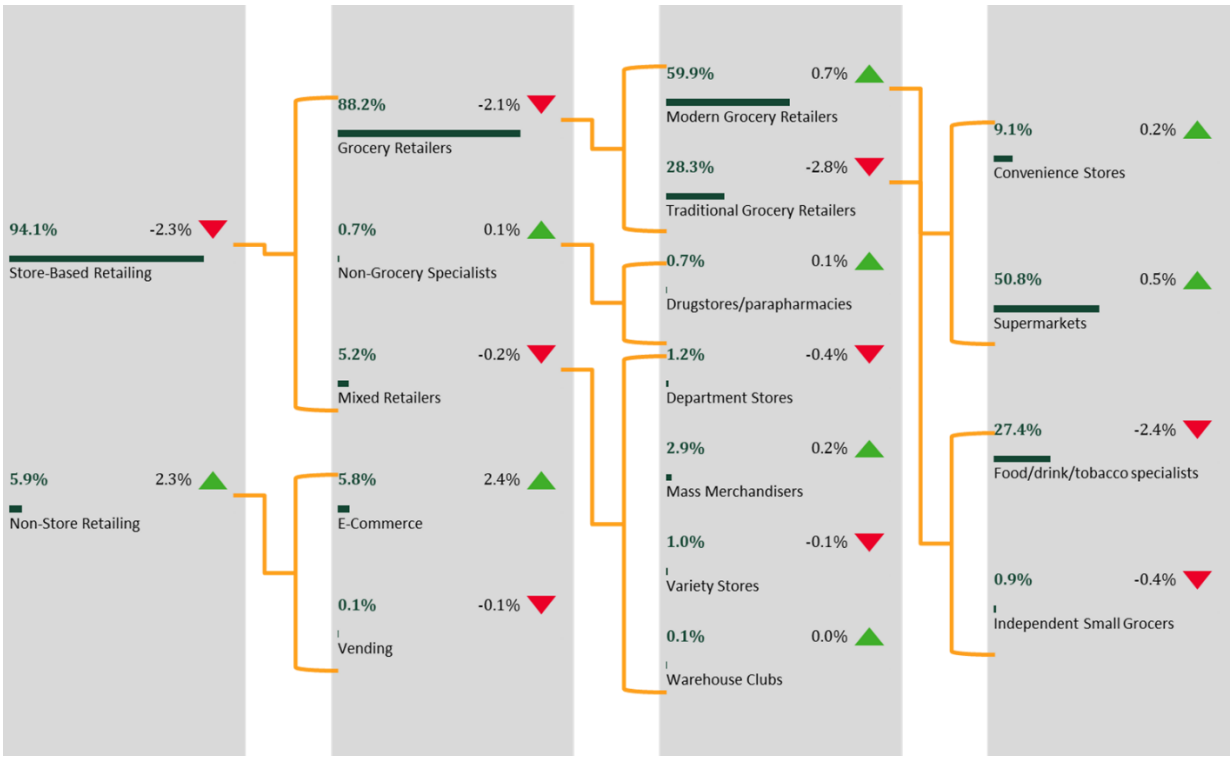
Labelling of wine must conform with a variety of pieces of legislation, including the food labelling act. In brief, wine labels must contain the information listed for processed foods in section 4.2.3. In addition to this, the alcohol level (in degrees or %) must be indicated.

5.4.5 Distribution

Approximately 45% of wine by value in Japan was sold off-trade and the remaining 55% is on-trade in 20201. The percentage of wine being sold off-trade increased by more than 3% compared to before the pandemic. Figure 5-20 shows the off-trade distribution channels. 94.1% by volume is sold in store-based retailing and the remaining 5.9% via internet retailing. Sales through internet retailing increased by 2.4% since 2016, whereas sales through store-based retailing declined.

Modern grocery retailers are still the preferred channel and accounted for about 59.9% of the off-trade volume. The channel's popularity slightly increased during the last few years. Supermarkets are the main modern grocery channel. Traditional grocery retailers are an important channel as well, which accounted for 28.3% of the off-trade volume in 2021. Independent small grocers account for 40.5%. Food/drink/tobacco specialists are the most popular traditional grocery channel, yet their popularity as a channel is decreasing.

Figure 5-20: Distribution channel overview of wine in Japan (2021); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2022.

5.4.6 Challenges for EU products

The market for EU wines in Japan offers great opportunities. On the one hand, the EU already is the main exporter of wine to Japan by far, which shows that Japanese consumers enjoy particularly wines from the EU (mainly from France). On the other hand, the export opportunities for EU exporters have been growing with the establishment of the EU-Japan EPA. The EPA for example protects many wine GIs from the EU and removes tariffs on wine coming from the EU.

Due to their often higher price point, EU wines resonate more with higher-income consumers that are knowledgeable about wine. It might be more complicated to target lower-income consumers or consumers that do not know much about wine. EU wine also has to compete with other premium wines from all over the world as well as with good quality domestic Japanese wine (even though there is only a limited amount).

It is important for EU producers to find their niche in the market and to advertise their products accordingly to get access to the target consumer base.

Market Takeaway: Wine

Consumption: *The wine market was around EUR 5.7 billion (retail value) in 2021, with the market for sparkling wine being the biggest. Consumption of grape wine is projected to increase, however, sparkling wine is forecast to grow with the highest CAGR.*

Competition: *Mainly competing countries that often offer cheaper wines such as Chile, the United States, and Australia as well as large domestic companies such as Suntory, and Mercian Corp. Domestically produced wine, including domestically blended, is a threat.*

Distribution: *55% on-trade and 45% through off-trade channels by value; internet retailing increasing. The most popular off-trade channels are supermarkets and food/drink/tobacco specialists.*

Challenges*: The low prices of new world wines, as well as other countries with current or future FTAs/EPAs with Japan.*

Opportunities: *Sparkling wine largest category with the highest forecasted CAGR. Older generation as they drive the demand for premium products, and the younger generation for novelty products such as non-alcoholic wine, and organic wine.*

5.5 Spirits

5.5.1 SWOT analysis

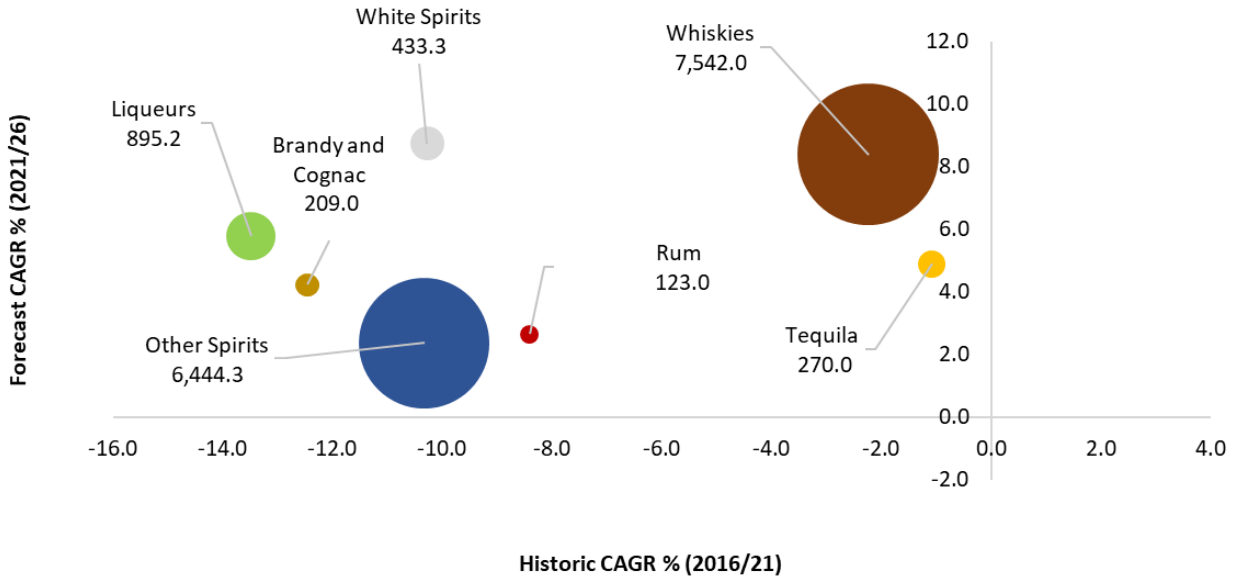
STRENGTHS (+)	WEAKNESSES (-)
▪ Japan's domestic production of spirits is focused on traditional spirits and whisky with the production of other spirits being minimal. ▪ If calculated as a whole, the EU would be the third largest exporter of spirits to Japan. ▪ EU GI spirits are protected under the EU-Japan EPA. ▪ Spirits consumption by value is forecast to grow.	▪ Consumption of spirits has been in a long-term decline, particularly amongst younger consumers. ▪ Japanese whisky has been standardised in recent years which has aided its premiumisation perception. ▪ The more popular spirits consumed in Japan are also produced in the country such as *shōchū* and whisky).
OPPORTUNITIES (+)	**THREATS (-)**
▪ The re-opening of the on-trade sector post COVID-19 ▪ Spirits are a common gift in Japan, which aids imported spirits specifically. ▪ Curiosity about western spirits will continue to drive sales in Japan, and some smaller categories such as gin are gaining traction	▪ The UK and the US are the biggest competitors outside of Japan in the Japanese spirit market. ▪ Domestic craft production of spirits that have not been traditionally produced in Japan is increasing (gin for example), providing competition to EU imports. ▪ Japan recently party to the CPTPP trade agreement giving market access to large spirit producers such as Mexico and Canada.

5.5.2 Consumption

Evolution of consumption

As observed below in Figure 5-21, whiskies are the most popular spirit product in Japan with a market value of EUR 7.54 billion. The market for whiskies is forecast to grow at the second highest CAGR of 8.4% between 2021 and 2026 and thus will remain the largest spirit category in Japan. Other spirits (which includes *shōchū*) is the second-largest spirit category and have a market value of EUR 6.44 billion. This category is expected to grow at a CAGR of 2.4% between 2021 and 2026. White spirits will be the fastest-growing spirit product in Japan between 2021 and 2026 at a CAGR of 8.7%. Currently, white spirits have a market value in Japan of EUR 433 million. Rum is the smallest spirit product on the Japanese market with a market value of EUR 123 million, ahead of brandy and cognac (EUR 209 million).

Figure 5-21: Evolution and forecast of the spirits market in Japan, 2016-2026; total value, (EUR million)



Source: Euromonitor International: Alcoholic Drinks, 2022.

Consumer profile and purchase criteria

Consumers

The consumption of spirits in Japan is below the global average at a per capita consumption rate of 1.63 litres per capita. This is also behind neighbouring China but ahead of neighbouring South Korea. Looking at the main major categories to obtain a more detailed picture of the Japanese spirit market:

- **Vodka**: is not a major spirit consumed in Japan with its consumption being primarily focused in larger urban areas which greater access to imported spirits. The majority of vodkas in Japan are imported which results in a higher-than-average price for vodka products. Health-conscious consumers and consumers seeking western spirits are the primary consumer base for vodkas in Japan. Women are likely to prefer flavoured vodka due to its sweeter taste.
- **Whisky**: has been long established in Japan and production can be traced back as far as 1870. The country is known for a number of whisky brands which appeal to local consumers. Consumers of whisky can be of any age but are more likely to be middle-aged or older as whisky is often treated as a luxury spirit which results in whisky being an above-average priced spirit in Japan. Older and more experienced consumers can also act as triggers for whisky consumption of other consumer groups. For example, older colleagues introduce their younger colleagues to the drink. Young adults might also consume whisky due to successful advertising campaigns promoting the spirit.
- **Cognac and brandy**: are drinks mainly consumed by the more affluent class., in particular

by old rich men. Historically, this was caused by high import taxes on these products that made them very expensive. Even though taxes are low today, the image of the drinks remains the same. Many consumers are not fully aware of the difference between brandy and cognac, which is why the latter is mainly consumed by cognac connoisseurs.

- **Traditional spirits**: Spirits distilled from rice, sweet potatoes, barley, buck wheat and brown sugar are particularly popular in Japan. These spirits include the more famous *shōchū* which is the most popular spirit consumed in Japan by volume. This spirit is mass produced in the country and cheaper than other (often imported) spirits. Due to this, this spirit appeals to lower income earners, younger earners and traditionalist consumers in Japan.
- **Gin**: is not commonly consumed in Japan with most craft gins being derived from more popular spirits such as *shōchū*. Japanese consumers are increasingly curious about gin which is leading to a rise in craft gin production which appeals to eccentric consumers, younger consumers and middle and higher-income consumers. Gin is consumed by men and women alike.
- **Liqueurs**: As these drinks are mixed alcoholic beverages made by adding different flavours they are mainly popular with people who are not used to drinking alcohol, as well as with women.

Total spirit consumption in Japan has been declining driven by younger consumers who increasingly abstain from alcohol consumption. This coupled with the rise of health consciousness has resulted in a decline in the mass consumption of spirits in Japan. Spirit consumption is increasingly no longer a common work activity as it once was in the country and there is a growing market for low and non-alcoholic spirits which further signals a market that has been seeing a decline in spirit consumption.

Drivers and method of consumption

Consumption of spirits in Japan is driven by a number of factors which are outlined below

- ***Availability****:* Spirits are everywhere in Japan in some form, hard spirits are sold in virtually every retailer including smaller (*Konbini)* or convenience stores. The legal drinking age in Japan is 20 which is slightly higher than in western countries although many consumers may have consumed alcohol before reaching this age. Laws surrounding the sale of alcohol in Japan are generally more relaxed than in western countries with 24/7 convenience stores selling spirits at any time of the day or night which further enhances the availability of spirits to consumers. While automated vending machines distributing spirits are less common in urban areas, they remain a common sight in rural areas of the country. Lastly, spirits are not as heavily taxed in Japan as in western countries, this results in spirits (and alcoholic products in general) being one of the few food and beverage items that are often cheaper to purchase in Japan than in EU countries for example.
- ***Social gatherings****:* Consumers in Japan are increasingly moving away from the consumption of spirits as a social gathering event; however it remains popular in the country, particularly in urban areas amongst white-collar workers. Social gatherings via parties known as *nomikai* remain common and encourage the consumption of spirits – traditional Japanese ones in particular. Due to the hard-working nature of the Japanese business culture, these gatherings are viewed as a key way to de-stress and relax

amongst colleagues in a less formal fashion, getting drunk is viewed as less of a taboo in Japan than in other Asian countries as long as it does not disrupt the peace for others.

- ***Cocktails:*** Spirits such as gin and vodka are commonly used in cocktails because consumers perceive these spirits to be difficult to enjoy on their own. On some occasions, it is viewed to be the better choice to consume cocktails instead of plain spirits such as in a restaurant together with a meal due to their softer taste. Home consumption of mixed drinks is increasing, too.
- ***Cooking:*** In addition to drinking, spirits - in particular liqueurs - are also used to flavour food. Herb flavoured ones pair well with certain savoury dishes, and sweet fruit liqueurs are used in sweet treats.
- ***Traditionalism****:* Japan in particular is a country that values its culture and traditions and holds them in high regard. This impacts the consumption of spirits via the consumption of traditional Japanese spirits such as *shōchū.* It's important to note that *shōchū* can come in various varieties and up to fifty different variants of the product are available in the Japanese market. There are references to *shōchū* in Japanese culture going back by up to 400 years. *Shōchū* is commonly consumed as a shot after dinner meals in Japan although the product is also consumed recreationally amongst friends in social settings.
- ***COVID*-19 pandemic**: The COVID-19 pandemic changed how people spend their days. Today, consumers are likely to spend more time at home and less time at social gatherings or in restaurants. This becomes very clear when looking at on-trade vs-off trade spirit sales by volume. In 2021, off-trade sales were higher than in 2019 (prior to the pandemic), whereas on-trade sales decreased. This shows the shift in preferences of consumers towards home drinking. Japanese consumers appreciate spirits which can be mixed or come in a wide variety of different ingredients. Japanese consumers typically associate the consumption of spirits with the further consumption of a snack or dinner meal. It is common for on-trade establishments to offer small food edibles with spirits even when they are not specifically asked for this, due to the association of spirits with food consumption. Most of the time, spirit-based drinks are paired with food e.g. *Izokaya* – a special type of bar for casual after-work drinking and dining.[164]

Purchase criteria

A number of factors play a role in the decision-making process generally utilised by Japanese consumers when deciding what spirits they wish to consume.

Taste plays a key role for Japanese consumers. Most companies like to cater their food and beverages towards their specific taste preferences. This helps to explain why in Japan up to fifty variants of *shōchū* are available in the market. This also helps to explain why cocktails and spirits that are accompanied by a mixer are particularly popular in Japan. Japanese domestic products such as *shōchū*, other domestic crop-based spirits, and whisky are typically viewed as premium products which makes it more competitive for foreign variants of these products. Vodka, gin, rum, tequila and other spirit variants that have been imported will typically be perceived as superior to domestic versions which entice consumers to purchase imported variants of these products.[165]

[164] Euromonitor International, Passport (2022). Spirits in Japan.

[165] Euromonitor International, Passport (2022). Spirits in Japan.

Price and value for money are considered a major purchase criterion. Price conscious consumers are likely to purchase cheaper products, however, consumers generally try to pay attention to the quality of products as well.

Finally a further important criterion is the packaging. New consumers of spirits are likely to choose small bottle packs instead of larger ones to be able to find the spirit they enjoy the most. More experienced consumers tend to choose larger bottles of the products they know and like.

Spirits on retailers' shelves in Japan

Spirits in Japan are sold in different bottle sizes ranging from small ones such as 100ml or 200ml bottles to large ones such as 700ml or even 1 000ml bottles. For glass bottles, the favourite sizes are 1 000ml followed by 700ml. Spirits are also sold in cartons or packaging made from plastic.

The packaging of a spirit and the type are important if consumers are looking for a gift. Whiskies in stylish and classy glass bottles are a common choice. Some producers even offer whiskies in ceramic bottles. Other types such as Vodka are not as commonly used for gifting which is why the appearance is slightly less important. Limited editions are interesting for consumers as well.

Pictures below: Generic spirit shelf depicting the use of different packaging materials and sizes.


Maker's Mark
JACK DANIEL'S
SMIRNOFF
JIM BEAM
Suntory Whisky
トリス
凛



Shelves are usually organised by type of spirit so that different brands of one product type such as whisky can be found easily by consumers. Higher priced products are usually placed at the eyesight of the consumer, whereas lower priced spirits are usually below eyesight.



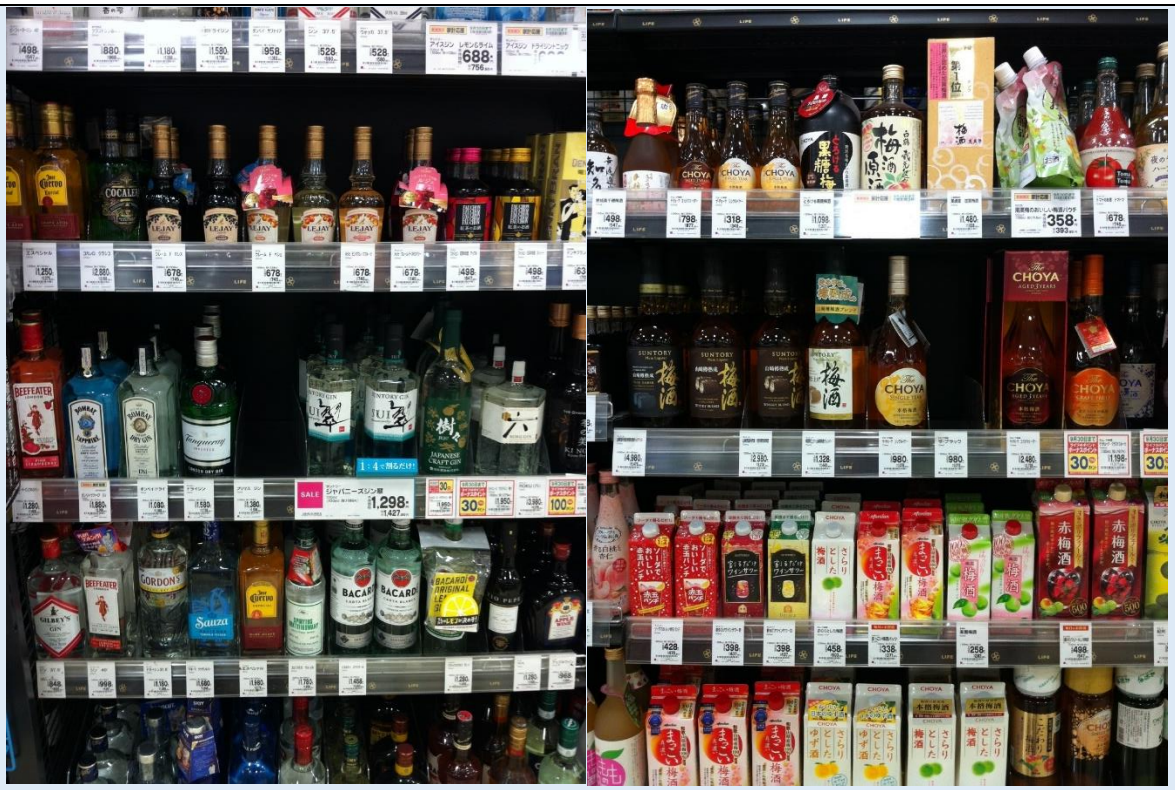
Picture above: Spirit shelf showing that imported products are located in the middle of the shelf.

Prices vary greatly depending on the size and type of product, however, imported spirits from the EU are usually premium products. Price promotions are possible. A 700ml bottle of a spirit generally has the following price ranges:

- Value/Economy: >JPY 900
- Mid: JPY 900 – JPY 1 500
- Premium: JPY 1 500 – JPY 2 500
- Super Premium: >JPY 2 500

Picture below: Whisky shelf with imported whisky, including from the EU.





Pictures above: Spirits shelves organised according to the type of spirit.

Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

A number of market trends in recent years have impacted the Japanese spirit market including the outbreak of COVID-19 and the fluctuation of the Yen currency. Key market trends overall are outlined below:

- ***Gin set to expand in the Japanese market****:* A number of new gin products have arrived on the Japanese market in recent years as producers seek to take advantage of the rise of at-home drinking which was compounded by the outbreak of COVID-19. Gin soda and the introduction of ready-to-drink gin product is expected to attract entry-level consumers who are not familiar with gin or have never drunk gin before. Moreover, these new products are viewed as suitable for consumption with meals. Gin has never been mass consumed in Japan but is a product that is quickly gathering pace in the country as the versatility of the product allows for foreign and domestic producers to experiment across several flavours and varieties. The increasing popularity of gin might also be due to Japan's active promotion of gin manufacturers. Gin is an interesting area for those looking to enter the Japanese spirits market. Even though imported products such as *Seven Hills Dry Gin* from Italy or *Citadelle Gin* from France are currently mainly only available within speciality stores, opportunities for companies to enter mainstream e-commerce marketplaces such as Amazon or Rakuten might arrive soon.

- ***Japanese whisky is now defined and standardised:*** In February 2021, the Japan Spirits & Liqueurs Makers Association announced standards for the labelling of Japanese whisky. Due to the lack of any standards previously, there had been cases of brands that used imported foreign whiskies which were then bottled in Japan being sold as "Japanese whisky", or cases where brands that do not meet the qualification of "whisky" under the Japanese liquor tax law being sold as "Japanese whisky" in other countries. To clarify the situation, the association had aimed to set a clear definition of Japanese whisky since 2016. The new standards define Japanese whisky in a similar way to the standards adopted by the rest of the world's five largest whisky-producing countries. This will further encourage investment into the Japanese whisky production market which may potentially present more competition for EU whiskies in the Japanese market. However, these standards will not be enforced until March 2024, and even then they are likely to remain voluntary. This means Japanese whisky manufacturers can continue to use imported whisky for their products at present.
- ***Premium products as gifts:*** Premium whiskies for example generate strong sales during Father's Day due to the increasing visibility of the spirit in Japan. When purchasing premium products as presents consumers are likely to opt for imported spirits. This trend might offer good opportunities for premium spirits producers from the EU that wish to enter the Japanese market.
- ***Increase in consumers preparing spirits at home:*** The on-trade sector experienced a stronger decline in spirit sales between 2020 in 2021, due to the government's ban on foodservice sales of alcoholic drinks as a result of the COVID-19 pandemic. On the other hand, the off-trade benefited from the shift towards drinking at home. More people started to stock carbonated water at home and prepare their own highballs to enjoy. To cater to the trend manufacturers develop varieties specifically for home consumption. Suntory for example introduced whiskies in smaller bottles. The brand also offers a tasting map on its website so consumers know what drink could suit them. In addition, the low-calorie and low-sugar features of whiskies attracted consumers with increased health awareness, and there was an influx of consumers from other categories, such as beer.
- ***Reaching the consumer:*** Manufacturers increasingly use social media channels to get to younger consumers and promote their drinks. Oenon Holdings for example used Instagram to suggest seasonal drinking situations for its products. Moreover, to enhance the visibility of spirits companies and organisations run awareness campaigns such as the Japanese organisation Rum Club Japan (RCJ).
- ***Growing health-consciousness*****:** Due to the health and wellness trend, the demand for gluten-free, low-sugar, organic, and alcohol-free or low alcohol drinks has increased. Even though this category remains a niche in Japan, opportunities exist as more and more products are released in these niches.

5.5.3 Offer

Domestic production

Japanese spirit production is focused on the production of traditional-based spirits distilled from ingredients such as rice, potatoes, barley and brown sugar amongst other ingredients.

Shōchū is one of the key spirits produced in Japan, production of this spirit is focused on the southern regions of Okinawa and Kyushu, where *shōchū* originates from. Production of *shōchū*

has declined in recent years as total consumption in Japan has declined and the product is not a major export. The total volume of production reached 746 million litres in 2020.

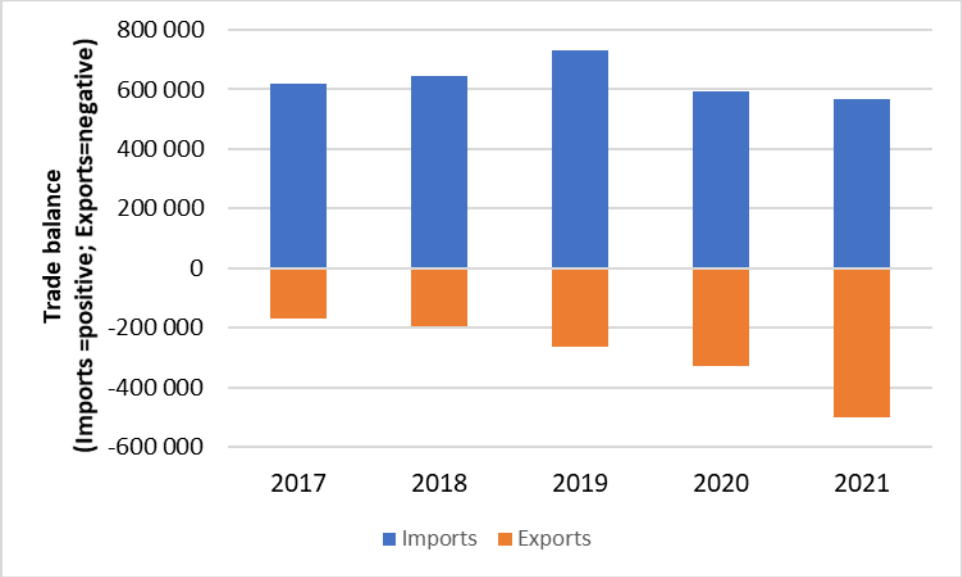
Whisky is the second most produced spirit in Japan and has emerged as the key export spirit from Japan. Three main types of whisky are produced in Japan: single malt whisky, grain whisky and blended whisky. Japanese whisky has been aided by the introduction of standards and regulations in recent years which has helped in the premiumisation of the product in the country. Domestically produced whisky has a strong brand image because it supports local industries by using their raw materials, which consumers like to see. Suntory and Asahi are amongst the bigger producers of whisky in Japan. Japan is one of the larger whisky-producing countries in the world with the country producing roughly 95 million litres of whisky in 2021, ahead of other large whisky-producing countries such as Canada and Ireland. Japanese whisky is forecast to continue to gain popularity worldwide.

Production of other spirits is small and focused mainly on craft producers in Japan, although the production of gin and jenevers is growing quickly in Japan. Gin has been produced in Japan since 2016, first by a small artisanal brewery and then also by bigger brands. With its seasonal weather, Japan is well suited for the production of gin, and the used botanicals create unique flavour profiles. Even though Japanese gin producers are relatively new to the market, they can develop into strong competitors to imported gin. Domestic Japanese gins are already closing the gap in terms of sales volume.

Imports and exports

As shown below in Figure 5-22, Japan is a net importer of spirits in recent years although the gap has been narrowing. Total imports in the past five years peaked in 2019 at a value of EUR 730 million. Total imports came to a value of EUR 570 million in 2021 while exports from Japan reached a five-year high of EUR 503 million in 2021.

Figure 5-22: Trade balance (imports and exports) of spirits in Japan, 2017-2021; EUR 000



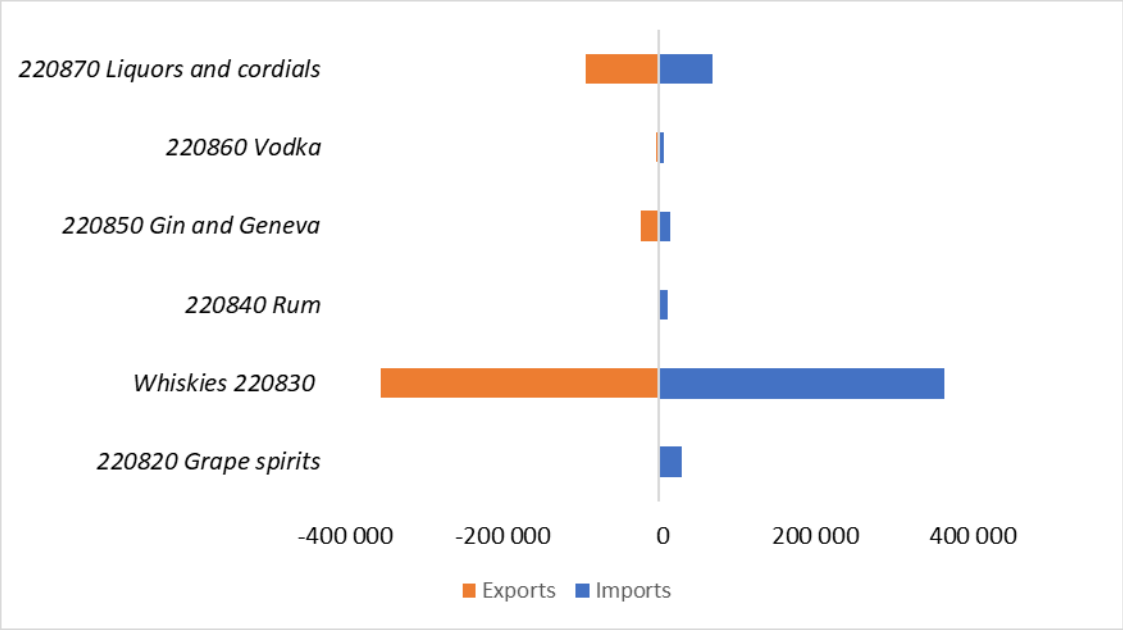
Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2208.

As shown below in Figure 5-23, Whisky is the most imported and exported spirit product from Japan. Japan has a near trade balance equilibrium of whisky with the country importing EUR 364 million worth of whisky and exporting EUR 355 million. The trade of other spirits is significantly smaller in Japan with only liquors and cordials registering a significant trade value. Japan

exported EUR 92 million worth of liquors and cordials in 2021 while the country imported EUR 69 million. Japan further imports small amounts of rum, gin, vodka and grape spirits.

Figure 5-23: Trade balance (imports and exports) of spirits in Japan, by type, 2021; EUR 000

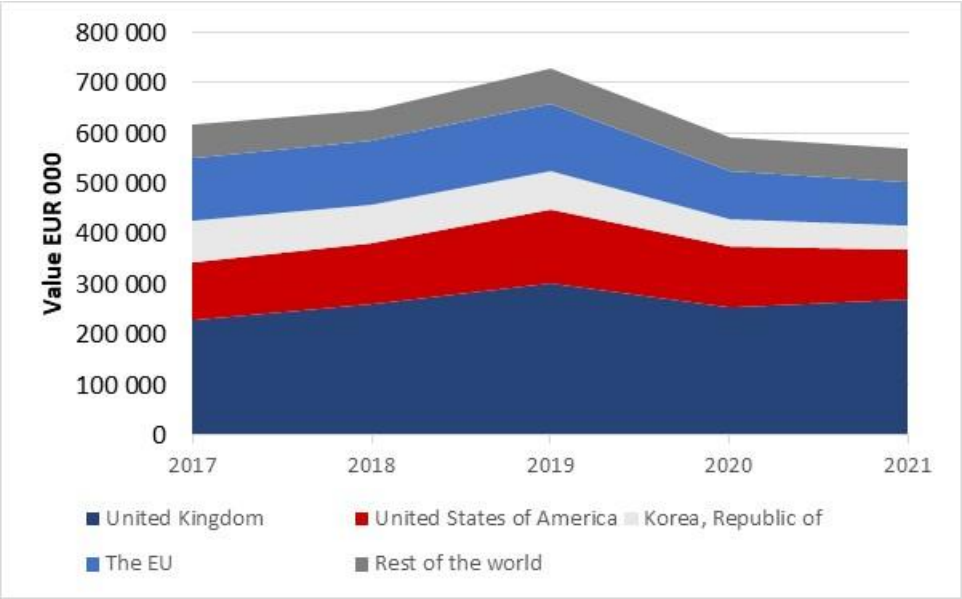


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Spirit names shortened. CN codes before spirit name.

Figure 5-24 below shows the origin of Japanese spirit imports, with the UK being the largest exporter at a value of EUR 269 million due to the popularity of scotch whisky. This is followed by the US with a value of EUR 99 million and South Korea at EUR 48 million. The EU exported a total of EUR 84 million worth of spirits to Japan with the largest exporters being France, Germany and Ireland.

Figure 5-24: Japan's imports of spirits by country, 2017-2021; EUR 000



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2208

EU GI products

The Economic Partnership Agreement between the EU and Japan will bring recognition of some EU GI spirits:

- Inländerrum (Austria)
- Jägertee / Jagertee / Jagatee (Austria)
- Korn / Kornbrand (Austria)
- Genièvre / Jenever / Genever (Belgium)
- Korn / Kornbrand[166] (Belgium)
- Ζιβανία / Τζιβανία / Ζιβάνα / Zivania (Cyprus)
- Ouzo / Ούζο1 (Cyprus)
- Estonian vodka (Estonia)
- Suomalainen Marjalikööri / Suomalainen Hedelmälikööri / Finsk Bärlikör / Finsk Fruktlikör / Finnish berry liqueur / Finnish fruit liqueur (Finland)
- Suomalainen Vodka / Finsk Vodka / Vodka of Finland (Finland)
- Armagnac (France)
- Calvados (France)
- Cognac / Eau-de-vie de Cognac / Eau-devie des Charentes (France)
- Genièvre / Jenever / Genever (France)
- Rhum de la Martinique (France)

[166] Product of Austria, Belgium (German-Speaking Community) or Germany.

- Cassis de Dijon (France)
- Genièvre / Jenever / Genever (Germany)
- Korn / Kornbrand (Germany)
- Ouzo / Ούζο (Greece)
- Békési Szilvapálinka (Hungary)
- Gönci Barackpálinka (Hungary)
- Kecskeméti Barackpálinka (Hungary)
- Szabolcsi Almapálinka (Hungary)
- Szatmári Szilvapálinka (Hungary)
- Törkölypálinka (Hungary)
- Újfehértói meggypálinka (Hungary)
- Irish Cream (Ireland)
- Irish Whisky / Uisce Beatha Eireannach / Irish Whisky (Ireland)
- Irish Poteen/Irish Poitín (Ireland)
- Grappa (Italy)
- Originali lietuviška degtinė / Original Lithuanian vodka (Lithuania)
- Genièvre / Jenever / Genever (the Netherlands)
- Polska Wódka / Polish vodka (Poland)
- Herbal vodka from the North Podlasie Lowland aromatised with an extract of bison grass / Wódka ziołowa z Niziny Północnopodlaskiej aromatyzowana ekstraktem z trawy żubrowej (Poland)
- Brandy de Jerez (Spain)
- Pacharán Navarro (Spain)
- Svensk Vodka / Swedish Vodka (Sweden)
- Scotch Whisky (UK)

Main competitors

The largest market competition in Japan comes from domestic production which caters to demands for Japanese traditional spirit drinks and heavily impacts the whisky market, although foreign whiskies remain very popular in the country. The UK is the biggest competitor in Japan in the whisky and gin market while the US is also a key whisky competitor. South Korean spirits compete more with domestic Japanese spirits than spirits imported from abroad. Overall, the EU faces significant competition in Japan from domestic producers, the UK and the US.

5.5.4 Specific market entry requirements

Market access and customs procedures

Spirits do not face any specific market access restriction; however, as is the case with wine case, there might be issues with food additives. Furthermore, as in case of other alcoholic drinks, spirits are subject to regulations and entry procedures of Food Sanitation Act and Liquor Tax Law.

Tariffs for spirits from the EU are generally 0%.

A list of standard documents as well as an overview of the procedure is presented in section 4.2.1. There are three types of procedures when importing alcoholic beverages:

- For personal use – under 10kg or less with no procedure
- For provision for drinking at self-owned establishments (bar, restaurant etc.) – importers should follow the procedures identified by a respective quarantine station, which holds jurisdiction over the importing area (section 4.2.1). The licence to sell alcoholic beverages does not apply in this case.
- For sale – in addition to the quarantine station procedures, an importer should also obtain a licence to sell alcoholic beverages under the provisions of Liquor Tax Law.[167]

The following additional documents are needed for market access:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

In addition, additives in alcoholic beverages require additional approval under the Liquor and Tax Act Enforcement Regulation of the National Tax Agency (NTA).

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – general spirits category (2208) from France to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=2208&origin=FR&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

Labelling of spirits must conform with a variety of pieces of legislation, including the food labelling act. In brief, labels of spirits must contain the information listed for processed foods in section 4.2.3. In addition to this, the alcohol level (in degrees or %) must be indicated.

5.5.5 Distribution

In 2021 close to 690 million litres were sold through off-trade and nearly 170 million litres through on-trade. Compared to pre-COVID 19 levels, off-trade sales by volume were lower in 2019 (at over 630 million litres), whereas on-trade sales were higher (at more than 310 million litres).

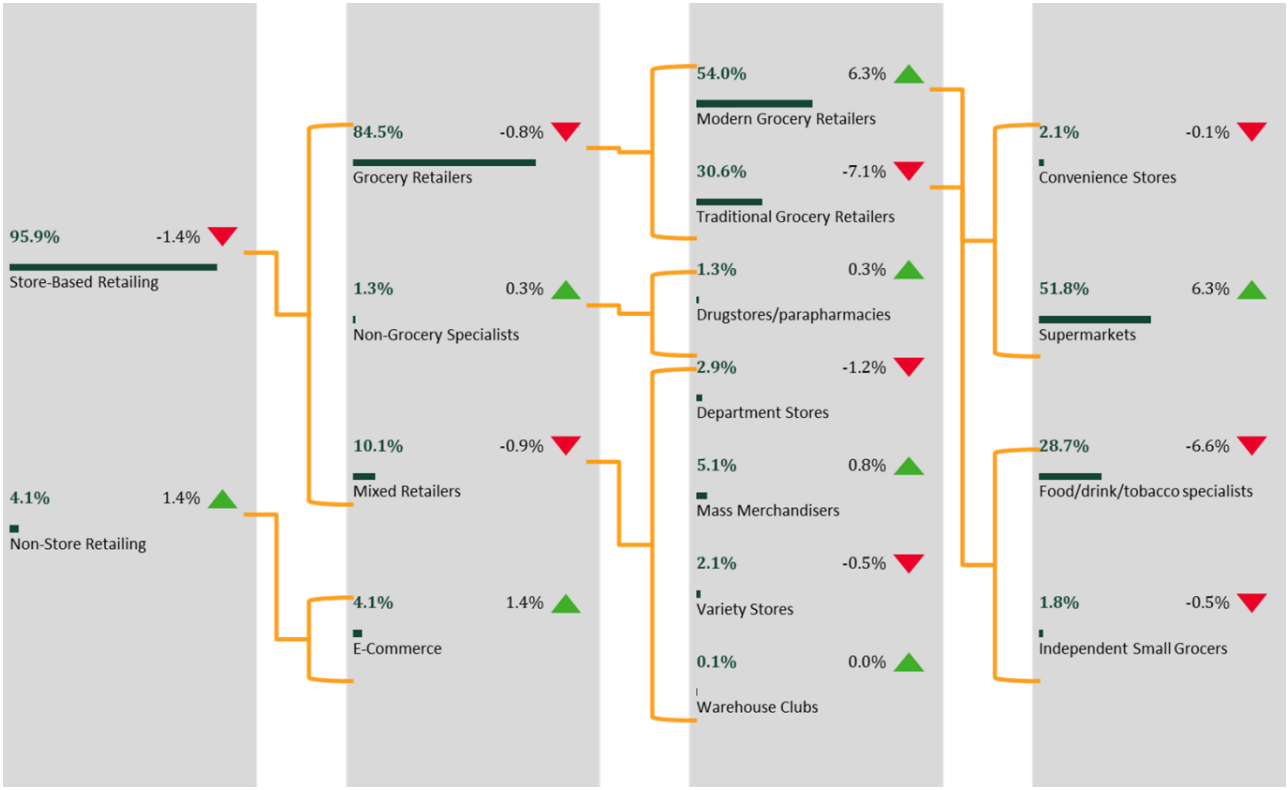
The majority of off-trade spirits distribution in Japan comes from modern grocery retail outlets which account for 54% of all sales in Japan. The largest distributor is supermarkets which account

[167] Importation of Alcoholic Beverages (FAQ); Japan Customs; http://www.customs.go.jp/english/c-answer_e/kojin/3105_e.htm

for 51% of sales. Traditional grocery retail outlets account for 30.6% of sales in Japan with food/drink and tobacco specialist stores making up most of these sales.

E-commerce sales are growing and now account for 4.1% of sales. One reason for the rapid growth of e-commerce is the wide availability of spirits online, whereas not all brands can usually be found in store. Moreover, e-commerce retailers often offer affordable pricing and are more convenient as products are delivered.

Figure 5-25: Distribution channel overview of spirits in Japan (2021); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2022.

5.5.6 Challenges for EU products

Challenges for EU products in Japan include entering a market where total spirit consumption is declining, a market that primarily consumes Japanese traditional spirits and competition with Japanese whisky which is increasingly perceived as a premium product in Japan. Competition with spirits from the UK and the US is also a key challenge as these countries have exported more spirits to Japan in recent years and export similar spirits to those produced in the EU.

A combination of versatile spirits that can come in various flavours, the ability to provide low and no alcoholic variants and attractive brand imagery are the three key features that EU producers should consider focusing on to become competitive in the Japanese market. E-commerce platforms and speciality stores are good distribution platforms for EU products. Moreover, it could be useful for EU producers to put efforts into advertisements and promotion, and to offer customised products such as gift sets.

Market Takeaway: Spirits

Consumption: *Spirit consumption overall is growing again after years of decline, but Japan has a lower per capita rate of spirit consumption when compared to neighbouring Asian countries. Spirit consumption remains a popular social activity although younger consumers are increasingly abstaining from alcohol consumption. Japanese traditional spirits remain the more popular spirits consumed in Japan followed by whisky.*

Competition: *The UK is the biggest competitor in the imported whisky market followed by the US. Japan imports smaller amounts of other spirits with liquor and cordials being the only other significant spirit imported by the country of which the UK is a key competitor. Domestic production is also significant, particularly in the whisky market.*

Distribution: *Impacted by COVID, on-trade sales accounted for 19.7% of the volume of spirits distribution in 2021. Off-trade distribution is primarily from supermarkets which account for 51% of sales. Food/drink and tobacco specialists account for roughly 30% of sales. E-commerce has grown to 4.1% of sales in recent years.*

Challenges*: Long-term declining consumption rates coupled with the competition with British, American and Japanese spirits (particularly whisky) are the two biggest challenges when entering the Japanese spirit market.*

Opportunities: *Re-opening of the on-trade food sector. Increasing demand for whiskies, which are the largest category by value and show the highest forecasted CAGR; though competition is tough. Increased interest in some more niche products such as gin.*

5.6 Olive oil

5.6.1 SWOT analysis

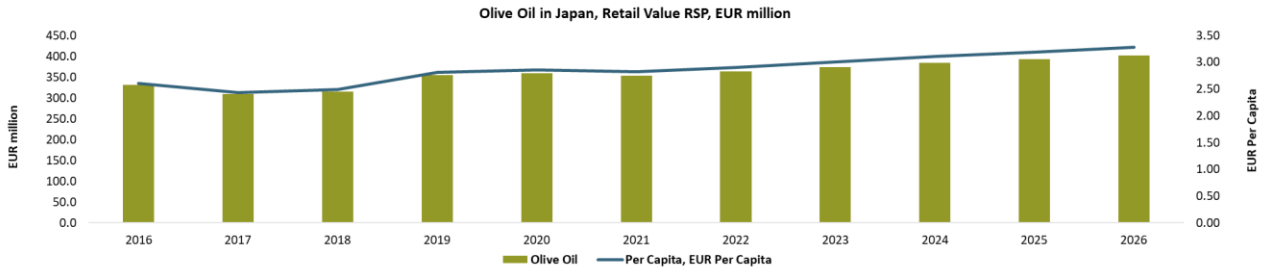
STRENGTHS (+)	WEAKNESSES (-)
▪ Olive oil consumption by value is forecast to increase. ▪ Domestic olive oil production can barely make a dent in meeting demand, which makes imports necessary. ▪ The EU accounts for over 94% of olive oil exports to Japan, which shows it is well regarded by Japanese consumers.	▪ Prefer other edible oils such as rapeseed oil. ▪ Olive oil is not part of the traditional cuisine in Japan. ▪ Olive oil is already expensive and prices continue to increase.
OPPORTUNITIES (+)	**THREATS (-)**
▪ E-commerce sales are increasing, which makes it an interesting channel to dive into. ▪ Marketing targeted at health-conscious consumers. ▪ The higher-income group is the preferred target due to the high price point. Price discounts and cheaper options attract price-conscious consumers.	▪ Consumers consume more rapeseed oil and other edible oils such as sesame oil than olive oil; and these are attractive price-wise. ▪ Other exporting countries such as Turkey but also Australia and Chile. ▪ Even though domestic production is small, Japanese olive oil is of high quality.

5.6.2 Consumption

Evolution of consumption

The consumption of olive oil by value shows an upward trend in recent years and was growing at a CAGR of close to 1.3% between 2016 and 2021 when the market size reached almost EUR 354 million. The forecasted average growth rate between 2021 and 2026 is higher at about 2.6% per year. The market is forecast to increase to EUR 402 million by 2026. Currently, the per capita consumption is around 0.3 kilogramme (equivalent to a value of EUR 2.80). With current growth trends, the per-capita value is forecast to reach EUR 3.3 per person in 2026 (Figure 5-26).

Figure 5-26: Evolution and forecast of the retail market for olive oil (value, EUR million) and olive oil consumption per capita expenditure (EUR), in Japan; 2016-2026



Source: Euromonitor International: Packaged Food, 2022.

Note: figures for 2021 to 2025 based on forecasts.

Consumer profile and purchase criteria

Consumers

Olive oil consumers are more likely to have higher disposable incomes due to the oil's higher price point compared to other oils such as rapeseed oil. Demographics which are particularly likely to consume olive oil are:

- Older consumers in Japan treat olive oil as food as medicine. Olive oil is perceived to have certain health benefits, which is why older consumers are more likely than others to introduce olive oil to their daily diet.
- Certain younger consumers. As young consumers have been exposed to different European cuisines due to the westernisation of this age group, they are more used to olive oil consumption. Female consumers because olive oil is viewed to be healthy and a common ingredient in cosmetic products. Japanese women consume for example Japanese fermented beans with olive oil for bone, skin, and beauty health.
- Consumers living in cities because people in the countryside generally have less knowledge about olive oil and are more attached to the traditional cuisine. [168]
- Higher-income consumers, due to the steeper price point of olive oil compared to other edible oils; most notably those wanting premium products as olive oil is viewed to be a high quality product. Moreover, higher-income consumers are more likely to be culturally more appreciative and open to food from different cultures, in particular from the west.
- Health-conscious consumers. Olive oil is perceived to have certain benefits for health due to its oleic acids and vitamin E. Health-conscious consumers are interested in the functionality of these ingredients as they might reduce cholesterol, protect cells from radicals, and act as an antioxidant.
- Culinary enthusiasts and consumers that love western food, such as Italian cuisine.

[168] Oil market supply and demand in Asia (2020). https://www.enjoyevoo.eu/the-project/oil-market-supply-and-demand-in-asia/

Drivers and method of consumption

Due to the internationalisation of the Japanese diet, olive oil is interesting for many Japanese consumers because it is an ingredient for e.g. Italian food (which is the second favourite cuisine of the Japanese after domestic Japanese cuisine). The French cuisine, which uses olive oil as well, is popular too. Moreover, olive oil pairs well with certain Japanese dishes. When cooking such dishes at home, consumers like to use olive oil.[169] Even though olive oil is expensive, some consumers purchase it as a luxurious cooking ingredient to enjoy cooking at home more.

In non-Japanese cuisine, such as the Mediterranean cuisine, olive oil is used in a variety of dishes in Japan. Some popular ones include *Gambas al ajillo* (a Spanish dish with shrimp in garlic-infused olive oil), pizzas and pasta.

In Japanese cuisine, olive oil is for example used in salty seasonings such as soy sauce and miso to create well balanced sauces. In particular organic olive oil is used as a seasoning for premium menus including sashimi and sushi. Moreover, some consumers use olive oil to dip their ramen noodles in (instead of using e.g. soy sauce). Other consumers also add olive oil to their egg-cooked rice to add flavour to the dish. It furthermore is added to grilled fish, fermented beans or tofu for flavour. Olive oil is also used to prepare side dishes such as nameko mushrooms, okra, natto, and wakame seaweed. Olive oil is commonly drizzled on top of these side dishes. It can also be used to prepare desserts including Daifuku. It is used as a substitute for black syrup in warabi mochi as well as in shaved ice or drinks including fruit juice.

The increasing health consciousness of consumers, partly due to the Japanese government's efforts to campaign for a healthy lifestyle and diet in recent years, is driving olive oil consumption as well. Olive oil is perceived to be a healthy edible oil due to its perceived health benefits because of the oleic acid and vitamin E it contains.

The COVID-19 pandemic influenced olive oil consumption in Japan. Due to home seclusion and the closure of the food service industry household consumption increased whereas, consumption in restaurants, bars, etc. decreased.[170]

Purchase criteria

When it comes to olive oil the price might be the most important purchase criterion. Olive oil prices were already high before the COVID-19 pandemic but have been increasing even more since then due to different circumstances such as rising production and shipping costs. Most Japanese consumers are not willing to purchase very expensive olive oil. However, due to health benefits, most of them are looking to buy olive oil with a good value for money ratio. Consumers with high disposable incomes are likely to continue to purchase premium quality olive oil, whereas lower income consumers that are affected by the COVID-19 pandemic are more likely to switch to cheaper versions or other edible oils.

The origin of olive oil is important to consumers as well, as they are increasingly aware of its production processes. Many consumers choose Spanish olive oil for its cheaper prices and good quality, whereas they cherish Italian olive oil for its fruity taste.

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[169] Extra Virgin Olive Oil in Japanese Cuisine https://www.aboutoliveoil.org/japanese-karaage#:~:text=While%20frying%20karaage%20in%20olive,stable%20cooking%20oil%20when%20heated.

[170] Report: The Olive Oil Market in Japan, https://www.eubusinessinjapan.eu/library/publication/report-olive-oil-market-japan#:~:text=The%20olive%20oil%20consumption%20is,of%20olive%20oil%27s%20health%20benefits.

Quality is another purchase criterion. Most consumers view “Extra virgin” olive oil to be of very high quality. However, there are some questionable virgin olive oils in Japan because the country has different olive oil standards than e.g. the EU and other countries. Thus, olive oil that does not meet EU extra virgin standards but Japanese ones is still displayed in stores as genuine extra virgin olive oil.

Overall, health-conscious consumers are likely to purchase olive oil if they have the means to do so.

The type of edible oil is another important criterion. Depending on consumers cooking styles, taste preferences, and financial situation they are choosing the type of oil that suits them best. For most consumers in Japan, this is rapeseed oil. Its flavour suits traditional as well as western-style products and its price point is below that of olive oil. Other edible oils such as sesame oil, flaxseed oil, and perilla oil are preferred as well.[171] Many consumers prefer rapeseed oil also because it is around 20% the price of olive oil.

The pack type and pack size also play an important role. Some consumers prefer olive oil in PET bottles because they are lighter, easy to carry home from the store, easy to handle while cooking, and easier to dispose of. However, certain consumers prefer glass bottles because they perceive olive oil in glass bottles to be of higher quality.

Olive oil on retailers’ shelves in Japan

Olive oil is predominately packed in glass and PET bottles. Glass bottles are the most common packaging type as it is preferred by consumers. Olive oil is sold in different sizes. In general, small bottles are more popular than larger ones because the Japanese do not consume olive oil on a daily basis and often only have reduced space in the kitchen. The most popular sizes are 250 ml and 500 ml. However, 1-litre bottles are popular as well. Because of sustainability concerns PET bottles introduced on retailers’ shelves because they are recyclable.

[171] Euromonitor International, Passport (2021). Edible oils in Japan.



Picture above and below: Olive oil shelf depicting different bottle sizes.



Larger olive oil bottles are often arranged on the lower shelves and smaller ones at the top. Olive oil is often sorted by manufacturer instead of by production area, which is common for example for wine. Even though their popularity is growing, PET bottles are not a common sight in retailers because they remain a niche.



Picture above: Larger olive oil bottles placed at the bottom, smaller ones on top.

Olive oil Is promoted in different ways. Well-known brands for example offer products that are sold with samples of new products they launch. Price promotions can be seen in Japanese retailers as well. A one litre bottle of olive oil can have different price categories, which are as follows:

- Value/Economy: <JPY 900
- Mid: JPY 900 – JPY 2 000
- Premium: JPY 2 000 – JPY 5 500
- Super Premium: >JPY 5 500



Picture above: Olive oil shelf offering different price promotions.



Picture above: Olive oil shelf in Japanese retailer.

Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The following recent market trends can be observed:

- **E-commerce:** E-commerce is still relatively small but sales are increasing, which makes it an interesting channel to dive into in particular because olive oil is a shelf-stable product. Numerous importers eliminate the need for a further middleman while offering their products via e-commerce.
- **Discounts:** In times of crisis, discounts and special offers seem to work well with Japanese customers.
- **Marketing:** Different producers use different marketing strategies. One good example, that boosted the success of Spanish olive oil in Japan was a promotional campaign that was carried out in collaboration with the EU in 2018 called “Olive Oil World Tour”. The

campaign's focus was on Asian markets including Japan. Numerous promotional videos were displayed on digital billboards and reached millions of people passing by. Videos and other promotional activities were also distributed through a campaign website and social media channels. The campaign increased the presence of olive oil in Japan.

- **Health trend:** Already before the COVID-19 pandemic, more and more Japanese consumers paid attention to their nutrient intake and the kind of food they choose; and the pandemic only accentuated this trend. Health is becoming an important topic in consumption, which is why olive oil is gaining popularity. The product has a lot of perceived health benefits that furthermore should be highlighted through proper marketing, packaging, etc.[172]
- **The Mediterranean diet**: As the Mediterranean diet, which uses a lot of olive oil, is trending in Japan there are certain opportunities for producers of olive oil. The Japanese even introduced their own word to describe Italian dishes, which is “Itameshi".

5.6.3 Offer

Domestic production

Even though olive trees are not indigenous to Japan and originate in the Mediterranean, olive oil has been produced in Japan for more than 100 years. Japanese olive oil tastes different from olive oil produced in other regions of the world because the weather differs. Japanese olive oil is often more watered down and lighter than others, e.g. compared to olive oil from China.

Olives are produced in the south on Shodoshima island; as well as in the Kangawa prefecture close to Tokyo; in Hiroshima and close by islands; and on Mount Fuji. On Kyushu island, extra-virgin olive oil qualities such as Frontoio, Nevadillo, Arbequina, Manzanillo, Mission and Lucca varieties are produced.[173]

The country even has its own olive research institute in the Kagawa prefecture. Japanese olive oil is known to be of good quality as it has been winning and continues to win awards in international competitions. Despite this, there is no quality label for extra-virgin olive oil used in Japan for domestically produced olive oil.[174]

Overall, Japan has about 500 ha of olive trees, most of which is under intensive farming and some of which are under super-intensive farming. Japan also has more small-scale olive oil producers than China. In 2020 Japan produced 45 tonnes of olive oil, however, this is nowhere near enough to fulfil the demand. As a result, about 99% of olive oil for domestic consumption needs to be imported.[175]

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[172] Euromonitor International, Passport (2021). Edible oils in Japan.

[173] The Chinese and Japanese extra-virgin olive oil producers beating Italians and Spanish at their own game (2021), https://www.scmp.com/lifestyle/food-drink/article/3134905/chinese-and-japanese-extra-virgin-olive-oil-producers-beating

[174] Extra Virgin Olive Oil in Japanese Cuisine https://www.aboutoliveoil.org/japanese-karaage#:~:text=While%20frying%20karaage%20in%20olive,stable%20cooking%20oil%20when%20heated.

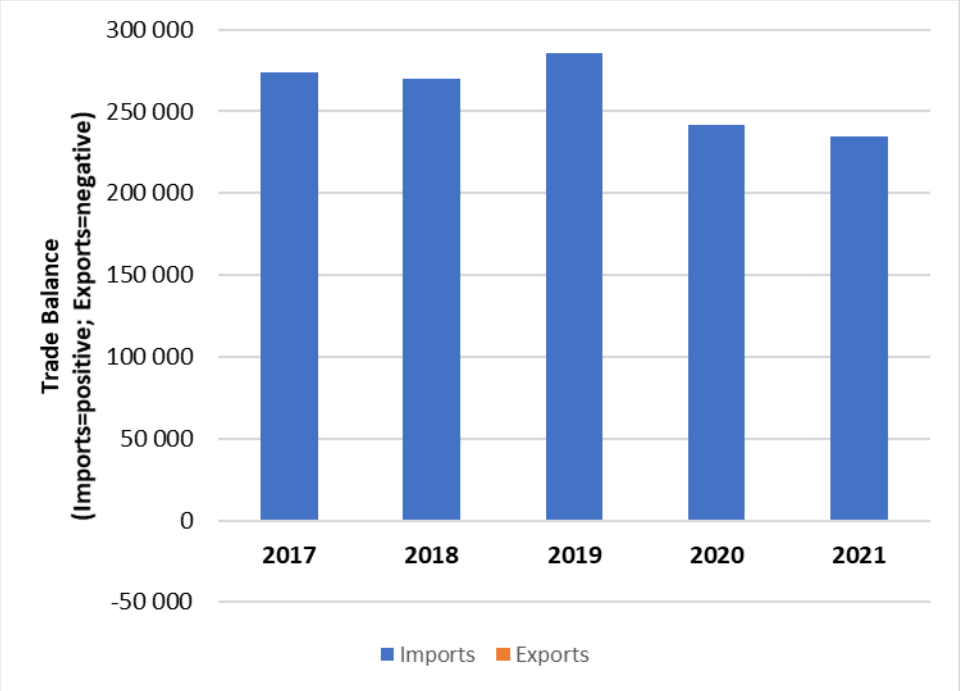
[175] Report: The Olive Oil Market in Japan, https://www.eubusinessinjapan.eu/library/publication/report-olive-oil-market-japan#:~:text=The%20olive%20oil%20consumption%20is,of%20olive%20oil%27s%20health%20benefits.

Nisshin Oillio Group Ltd is the market leader and accounts for close to half of the market value. J-Oil Mills Inc ranks second with about 10%.

Imports and exports

As can be seen in Figure 5-27, Japan is an absolute net importer of olive oil. The country barely exports any olive oil. In 2021 Japan imported olive oil with a value of close to EUR 235 million. Olive oil exports of Japan amounted to approximately EUR 0.9 million in 2021. Between 2017 and 2021 imports of olive oil fluctuated slightly. In total, olive oil imports decreased by about EUR 39 million between those years.

Figure 5-27: Trade balance (imports and exports) of olive oil in Japan, 2017-2021; EUR 000

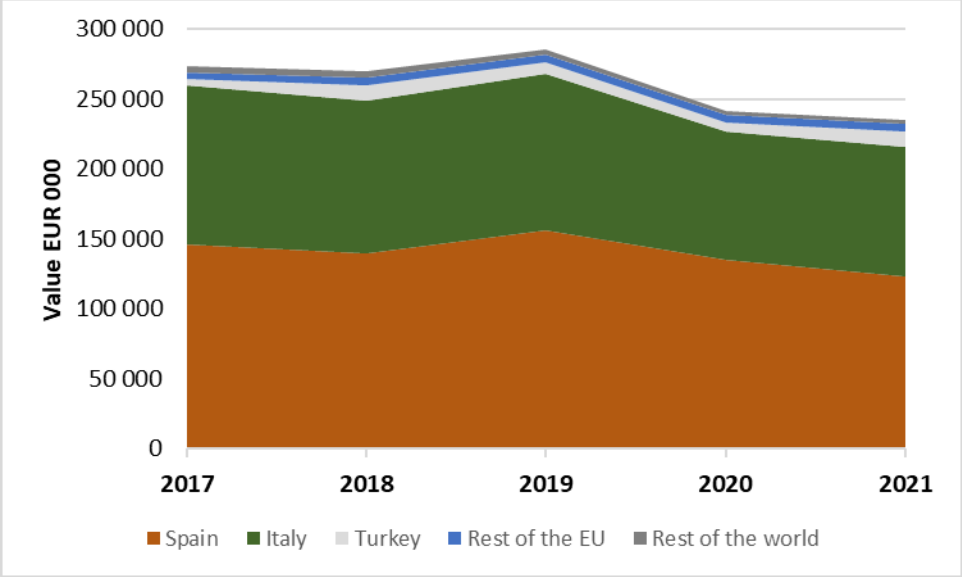


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1509.

The EU accounts for nearly all of the olive oil exports to Japan as depicted in Figure 5-28. Spain and Italy are the two main exporters to Japan and together account for more than 92% of the total imported value. In 2021, Spain exported olive oil valued at over EUR 123 million and Spain close to EUR 93 million. Turkey ranked 3rd with nearly EUR 11 million. The EU in total accounted for more than 94% of the imports by value. The biggest non-EU players besides Turkey are Australia and Chile.

Figure 5-28: Japan's imports of olive oil by country, 2017-2021; EUR 000

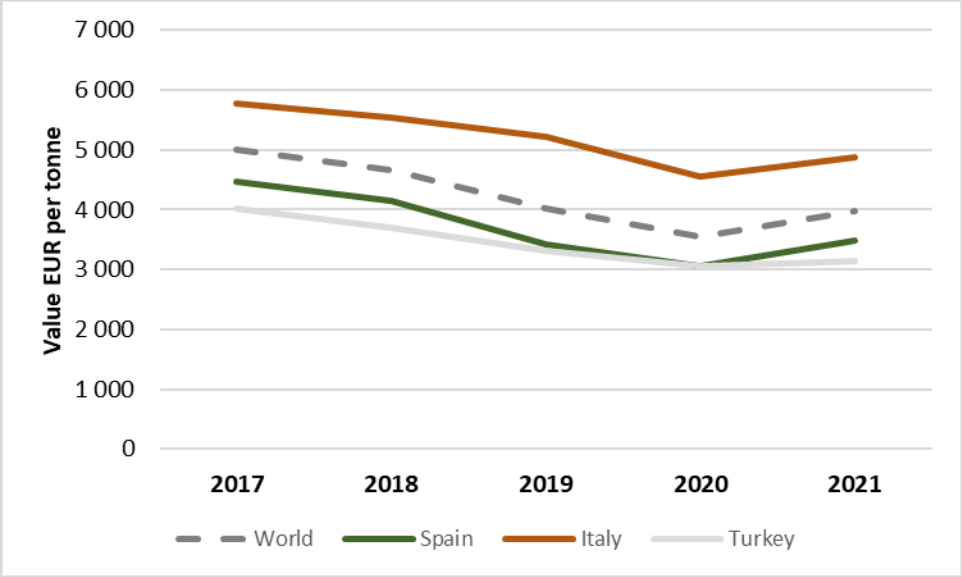


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1509.

In 2021, the world's average unit value per tonne of olive oil exports to Japan was around EUR 3 970. This unit value decreased between 2017 and 2020 and increased in 2021. The unit value of Spanish olive oil is lower than the world's average, at close to EUR 3490 in 2021 as shown in Figure 5-29. The unit value of Italian olive oil on the other hand is higher than the world's average and was close to EUR 4 870 in 2021. The unit value of olive oil from Turkey was lower than the global average and Spain's at about EUR 3 150 per tonne in 2021.

Figure 5-29: The unit value of Japanese imports of olive oil by country, 2017-2021; EUR 000 per tonne



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1509.

EU GI products

Under EU-Japan EPA, some European geographical indications are set to be recognised in the Japanese olive oil sector:

- Huile d'olive de la vallée des Baux-de-Provence (France)
- the Σητεία Λασιθίου Κρήτης, or Sitia Lasithiou Kritis (Greece)
- Καλαμάτα (Transliteration into latin Alphabet: Kalamata) (Greece)
- Χανιά Κρήτης (Transliteration into Latin alphabet: Chania Kritis) (Greece)
- Toscano (Italy)
- Monti Iblei (Italy)
- Aceite del Bajo Aragón (Spain)
- Antequera (Spain)
- Baena (Spain)
- Priego de Córdoba (Spain)
- Sierra de Cazorla (Spain)
- Sierra de Segura (Spain)
- Sierra Mágina (Spain)
- Siurana (Spain)
- Estepa (Spain)
- Aceite de Mallorca / Aceite mallorquín / Oli de Mallorca / Oli mallorquí (Spain)
- Montes de Toledo (Spain)

Main competitors

The EU accounts for 94% of olive oil imports to Japan and thus is by far the most important exporter. Spain and Italy are the two largest EU exporters with brands such as Bertolli, Carbonelle, Solleone, Alce Nero, and Garcia de la Cruz.

The main competitor of the EU is Turkey. Australia and Chile only send a small amount to Japan but should be kept in mind as well. Even though Japan is producing olive oil itself, it is far away from meeting the demand, which makes domestic production only a small competitor. That said, it is there in small volumes and Japanese olive oil is known to be of good quality.

5.6.4 Specific market entry requirements

Market access and custom procedures

Olive oil and derived products from the EU have tariff-free access to the Japanese market, as is also the case under MFN tariffs.

All customs requirements and necessary documentation are presented in section 4.2.1.

The following additional documents are needed to export olive oil from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – general olive oil category (1509) from Spain to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=1509&origin=ES&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

Section 4.2.3 provides an overview of Food Labelling Standard requirements in Japan and reports all necessary requirements to be filled in for processed foods, including olive oil.

5.6.5 Distribution

Figure 5-30 shows distribution channels by retail value for edible oils as a whole in Japan. For olive oil, the foodservice sector has a market share by volume of around 29%, whereas 71% of

the volume is consumed through retail. Even though the foodservice sector has the smaller share is is forecast to increase to about 34% by 2026. This is partly due to the trending Spanish and Italian cuisines which use olive oil for many dishes. In 2021 there were about 8 500 Italian restaurants in Japan in total and around 3 700 pizza restaurants.

Modern grocery retailers account for about 52.1% of the total sales of edible oils. Within this category, supermarkets are the most popular channel and account for 51.2% of total sales by value, whereas convenience stores account for about 0.9% in 2021. Mixed retailers account for about 35.7% of sales by value and traditional grocery retailers for 0.8%. Supermarkets and mixed retailers are the two main channels for distribution. In 2021, e-commerce sales accounted for 3% of all sales, which is an increase of 0.7% compared to 2016. It must be remembered that food service channels are also important for oil distribution.

Figure 5-30: Distribution channels overview of edible oils (including olive oil) in Japan (2021); retail value



Source: Euromonitor International: Packaged Food, 2022.

5.6.6 Challenges for EU products

The olive oil market in Japan is very attractive for EU producers. The EU accounts for nearly all olive oil exports to Japan (and by default, due to the reliance on imports for 99% of supply, nearly all of the market as a whole) and thus is in a very good position. Even though the consumption of olive oil has increased prior to the pandemic, by volume other edible oils and rapeseed oil remain more popular. Due to increasing olive oil prices and the worsened economic situation, more and more olive oil consumers may switch back to other edible oils that are cheaper, in particular rapeseed oil. However, Japanese with higher incomes as well as very health-conscious ones remain likely to choose olive oil over rapeseed or other edible oils. The majority of imported olive

oil from the EU comes from Spain and Italy and thus it might be harder for companies from other EU member states to find their place in the market. However, due to the good image of olive oil from the EU and reliance on imports, there should be a place for all producers to some extent.

Market Takeaway: Olive oil

Consumption: *Consumption by value was at around EUR 354 million in 2021. Consumption of olive oil is on the rise partly due to the growing interest of the Japanese in health issues.*

Competition: *Nearly no competition from other exporters or Japan itself because its olive oil production is far away from meeting the demand. A lot of competition from other edible oils such as rapeseed oil.*

Distribution: *Mostly through supermarkets and mixed retailers. E-commerce is still a niche but growing.*

Challenges*: Due to the effects of the COVID-19 pandemic on Japan's incomes, consumers' disposable income decreased which is putting pressure on more price-sensitive products including olive oil.*

Opportunities: *The e-commerce market is growing and online offers new possibilities for EU exporters. An increasing number of health-conscious consumers opt for perceived healthier olive oil. Higher-income group is a good target, as olive oil is expensive; otherwise, discounts can help to get a new following.*

5.7 Chocolate confectionery

5.7.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
▪ Japan is a strong net importer of chocolate, with demand for a wide range of different chocolate products. ▪ EU exports account for over 40% of the imported chocolate confectionery market by value and most EU chocolate products are seen as premium. ▪ The chocolate market is forecast to grow by value.	▪ The mass market has some large local and multinational players present. ▪ Current inflation increases prices for chocolate confectionery products. ▪ Local craft chocolate shops are well-regarded and compete with premium EU products.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Healthy and value-added products, e.g. sugar-reduced as well as products with additional vitamins. ▪ Seasonal chocolates and gifting may offer interesting opportunities for more premium products. ▪ Chocolate pouches and bags, and boxed assortments are the biggest categories by value and are forecast to grow the strongest.	▪ The biggest players are domestic companies, with craft domestic production offering a strong competitive threat to the premium market. ▪ Other exporting countries such as Singapore, and the United States offer a secondary competitive threat. ▪ The COVID-19 pandemic has affected demand for some products both through its economic and social impacts.

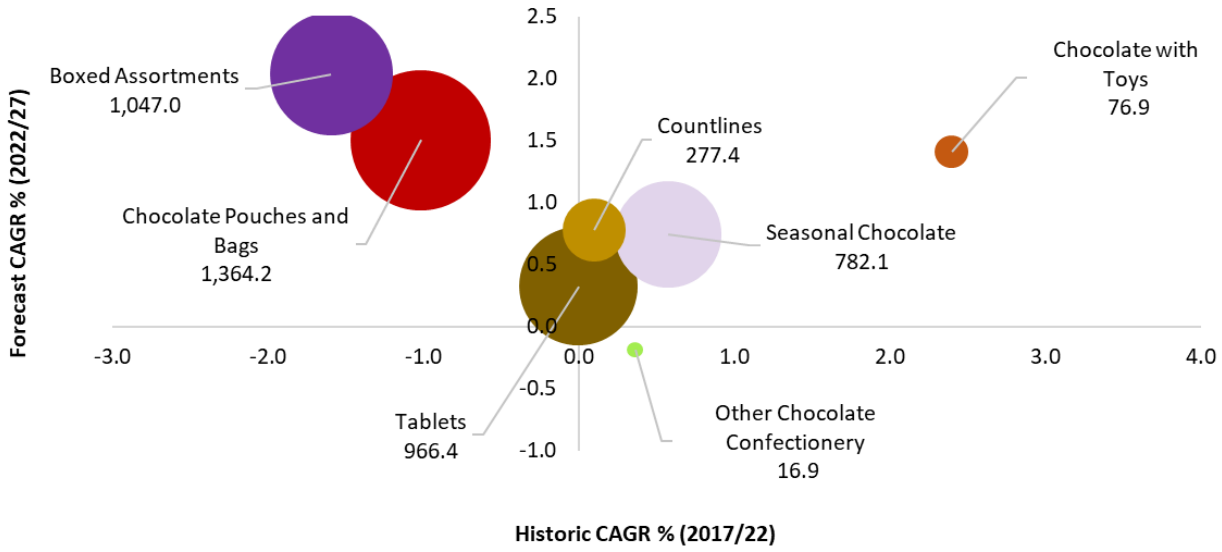
5.7.2 Consumption

Evolution of consumption

In 2022 the total market size of the chocolate confectionery market in Japan was more than EUR 4.5 billion. As shown in Figure 5-31 the biggest market is the one for chocolate pouches and bags with a size of about EUR 1.36 billion, followed by boxed assortments with around EUR 1.05 billion. The market size for tablets, the third largest category by value, was approximately EUR 966 million and seasonal chocolate has a market size of about EUR 782 million. Countlines have an approximate market size of EUR 277 million, followed by chocolate with toys with about EUR 77 million; though the latter is forecast to grow fast compared to most other categories. The smallest category is the other chocolate confectionery category with close to EUR 17 million.

Historically, the chocolate market has not been growing particularly strongly. Between 2017 and 2022 chocolate with toys showed the highest CAGR of 2.4%. This growth was about four times higher than that of the one for seasonal chocolate with about 0.6%. The markets for chocolate pouches and bags and boxed assortments were decreasing between 2017 and 2022. The forecasted CAGRs look very different from the historic ones with higher growth expected for most categories. Between 2022 and 2027 the market size of boxed assortments is forecast to grow the strongest at a CAGR of 2.0%, followed by chocolate pouches and bags with 1.5%. The other chocolate confectionery category is the only one with a negative forecasted growth rate.

Figure 5-31: Evolution and forecast of the chocolate confectionery market in Japan, 2017-2027; total retail value (EUR million)



Source: Euromonitor International: Packaged Food, 2022.

Consumer profile and purchase criteria

Consumers

Chocolate is a standard sweet treat in Japan. Consumers of chocolate confectionery come from all parts of society as everyone enjoys a treat now and then, no matter the status or age. In general low income consumers tend to purchase cheaper treats or cheap chocolate, whereas high income consumers are the most likely to purchase premium chocolate products.

Chocolate is consumed regardless of age however chocolate is most popular among adults and seniors. Chocolate is more popular among middle aged people than with people that are in their 20s or 30s. Chocolate is viewed to be a healthier snack. Retired senior citizens mainly prefer functional chocolate such as chocolates that aim to reduce the absorption of sugar and fats by

the body. Healthy consumers pay attention to the ingredients of products and opt for healthier chocolate confectionery options such as dark or chocolate with nuts.

Environmentally conscious consumers pay attention not only to ingredients and their sourcing but also to the packaging. They prefer products in recycled paper packaging rather than products wrapped in plastic.

Moreover, the working population enjoys chocolate because it can be an easy snack during a busy day or a stress relief after a long day of work. In particular women like to treat themselves to good quality chocolate after a busy day at work.

Drivers and method of consumption

Chocolate is an important part of the Japanese confectionery market together with other traditional sweets, sugar confectionery, snack foods and biscuits. Close to half of the Japanese consume chocolate around one to three times per week and more than 10% eat chocolate on a daily basis. The Japanese, like most people in the world, are fond of chocolate in all different forms such as rich desserts, simple confections and even drinks.[176] In general, many consumers purchase chocolate to treat themselves at home and make themselves feel better and just enjoy a little break. The COVID-19 pandemic increased the demand for chocolates eaten at home.

Currently, the main driver for the increasing value of chocolate sales are the rising unit prices due to inflation. Recently many large companies including Meiji and Morinaga increased their prices by up to 11% because of the increasing raw material and logistics costs they have to deal with. The different seasons drive chocolate consumption in Japan as the country loves traditions. Seasonal chocolates are popular. In January chocolate covered strawberries are in demand, whereas consumers prefer for example chocolate mint chocolates during the summer, and fall-themed chocolate with nuts during the year end.[177]

One of the main drivers of chocolate confectionery consumption is the Japanese gifting culture. Monthly expenditures for chocolate usually are highest in February and lowest in August. Valentine's Day is highly important for the industry as some shops manage to do up to 70% of their annual business because of it. Valentine's Day is a prime day for gifting chocolate because women and girls give chocolate to men. This does not only include their loved ones but also male colleagues and friends. Consumers even differentiate between obligatory chocolate to give, which is called *giri choco* and chocolate given to someone because of romantic involvement, which is called *honmei choco*. In particular imported chocolate is seen to be of premium quality and thus is often chosen as a gift or treat.[178] Besides ready to eat chocolates, consumers also make their own ones such as the melt-in-your-mouth favourite of the Japanese, which is *nama-choco*. After consumers could not spend Valentine's Day as usual in 2021 due to COVID-19, the day was even

[176]Chocolate in Japan: From Kawaii Candy to Lavish Luxury, https://livejapan.com/en/article-a0000448/#:~:text=In%20the%201920s%2C%20chocolate%20factories,among%20people%20of%20all%20backgrounds.

[177] Japanese Chocolate: An Ongoing Obsession (2022), https://www.bokksu.com/blogs/news/japanese-chocolate-an-ongoing-obsession

[178] Japanese Chocolate Culture, From Bean To Bar, https://damecacao.com/japanese-chocolate-bean-to-bar/

more popular than usual in 2022. As women are supposed to give chocolate to men on Valentine's Day, the favour is returned a month later on March 14th, which is known as White Day.

Chocolate is a popular ingredient for many different treats such as chocolate bars, cakes, cookies, ice cream or other confectioneries. Chocolate covered bananas for example are a festival staple all over the country.[179] Consumers particularly enjoy chocolate creations that use Japanese ingredients such as matcha. Roasted rice crackers coated with chocolate (*okaki*) are another famous snack in Japan and so is chocolate *yokan*, which is a jelly dessert made with chocolate.

Purchase criteria

The main purchase criteria for Japanese consumers of chocolate confectionery are the following:

- **Price and quality:** As is often the case, the price of chocolate is an important purchase criterion. Overall, lower-income consumers tend to pay more attention to the price than higher-income consumers. That said, some lower-income consumers might still choose premium chocolates from time to time to treat themselves. Petit premium chocolates are particularly popular because the product quality is supposed to be higher than the average supermarket chocolate, yet it is still not too expensive. Consumers are likely to pay more for premium chocolates with good tastes and from certain origins. Artisan products are included in this. Craft chocolate is nearly ten times as expensive as mass-market chocolate bars.
- **Type:** The type of product also plays a role in the decision process of Japanese consumers. Chocolate pouches and bags are the most popular choice for chocolate confectionery; however, boxed assortments, tablets and seasonal chocolate are popular as well.
- **Flavour:** As important as the type is probably the flavour, in particular when it comes to chocolate confectionery. The consumer's favourite flavour is sweet tasting plain milk chocolate. However, the popularity of plain dark chocolate is increasing as well. Dark chocolate with matcha, wasabi, green tea, or ginger taste is currently popular.
- Filled chocolate and white chocolate are liked as well but are chosen less often. Filled chocolate with nut flavours such as hazelnut or pistachio is popular because they are seen to be healthier compared to other chocolate fillings.[180]
- **Healthy ingredients:** Consumers' concerns about their general health and weight gain have increased. Chocolate confectionery consumption and consumer preferences are increasingly driven by changing diets. Consumers are more aware of the bad ingredients in chocolate confectionery. Health-conscious consumers tend to prefer to purchase products such as sugar-reduced or sugar-free sugar and chocolate confectionery, or products with added value such as added vitamins.
- **Packaging:** Packaging may be important for consumers depending on how they plan to indulge their purchase. Due to more time spent at home, bigger packs or multi-packs are a popular choice. Sometimes consumers are tempted to choose a specific product due to its interesting packaging such as limited edition packs.[181]

[179] Chocolate in Japan: From Obscure Luxury to Staple Sweet (2022), https://sakura.co/blog/japanese-chocolate-history/

[180] Japanese Chocolate: An Ongoing Obsession (2022), https://www.bokksu.com/blogs/news/japanese-chocolate-an-ongoing-obsession

[181] Euromonitor International, Passport (2022). Chocolate confectionery in Japan.

Chocolate confectionery on retailers' shelves in Japan

Prior to the COVID-19 pandemic, most chocolate products on retailers' shelves were headed towards a plastic-free world. However, after the COVID-19 pandemic the number of individually wrapped products increased. Chocolate candies were packaged in big flexible plastic bags prior to the pandemic but now they are increasingly individually wrapped and sold in large plastic bags e.g., for hygiene reasons and to stay fresh longer.

Picture below: Shelf with different individually wrapped chocolate products.





Picture above: Retailers' shelf with imported chocolate products.

Imported chocolate comes in retail-ready packaging. Exporters put the product label on the package as well as the Japanese food labelling instructions prior to exporting it to Japan. Package design is important in particular for products that are supposed to be given as gifts. Thus, many different designs are found in Japanese retailers, each for a different occasion. Gift boxes and special seasonal editions such as Valentine’s Day or Halloween are a common sight.



Picture above: Halloween-themed chocolate and confectionery shelf.

Retailers use more and more shelf space to exhibit chocolate products as they are growing their brand availability. They generally offer products at all different price ranges, from economy to super premium. Chocolate imported from the EU is usually higher priced. Price ranges for 100g of chocolate and confectionery are as follows:

- Value/Economy: <JPY 100
- Premium: JPY 100 – JPY 400
- Super Premium: >JPY 400

Pictures below: Chocolate shelves in Japanese retailer.





Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The following recent market trends for chocolate confectionery stand out:

- **Healthy and value-added products:** As mentioned before, the health trend is steering developments in the chocolate confectionery market in Japan. As consumers are putting more effort into staying fit and healthy, the industry is developing products that are perceived to be a healthy (or at least a healthier choice by consumers). Examples include

gluten-free, dairy-free, sugar-free or low in sugar chocolate confectionery as well as value-added chocolate with vitamins. Nestlé Japan for example launched a bite sized product called Milo Box high in calcium, iron and five types of vitamins, such as vitamin A, B1, B2, D and niacin. Many other producers such as Meiji and Morinaga launched and promote their chocolates high in cocoa. The popularity of dark chocolate is rising as well due to its healthy image. Meiji Black Chocolate, Meiji's Almond black, and Lotte's Toppo Dark Chocolate Pretzel Sticks are some of the most popular ones. Chocolates with nuts or almonds are a common choice as well because of the expected health benefits of nuts/ almonds.

- **Flavour innovation:** Flavour innovations are important because Japanese consumers want to explore and be surprised. In particular younger consumers tend to get bored easier and like to try new products. New chocolate products are therefore frequently launched in Japan. The popular ones usually stay whereas the unpopular ones are taken off the market. Chocolate confectionery launches tend to be based on new flavours and products; often in form of time limited, regional or seasonal chocolate. In 2021, flavours such as hazelnut and pistachio were on trend as nuts are perceived to be healthy. For example, in 2022 Lotte launched pistachio flavoured Premium Ghana chocolate truffles. Some manufacturers experiment even more and come up with unlikely and eccentric flavours to get the attraction of consumers to seek out new completely new products and flavours.
- **Packaging:** To be able to compete with other snacks, producers also focus on the design of their packaging. Manufacturers for example may launch limited-edition packaging in collaboration with celebrities or utilise popular anime characters. An example includes Nestlé's special edition Kit-Kat that features JO1 (a pop idol group) on the inner side of their packaging. New packaging styles are forecast to continue to be of importance because of the restlessness of Japanese consumers who tend to get bored fast. As Japanese consumers' environmental consciousness increases, they pay more attention to the sustainability of the packaging of chocolate confectionery, which is why an increasing number of manufacturers introduces more sustainable packaging for their products such as recycled. The design of packages also is important when it comes to products that are bought as gifts. Producers introduce for example winter themed chocolate boxes for Christmas.
- **Importance of social media:** Social media presence is important in particular to target younger consumers. The older generation, however, tends to be not as active and not as used to marketing on social media as their younger counterparts.[182]

To sum up, EU producers should potentially invest in seasonal flavours that cater to local tastes and good-looking packaging as consumers value attractive packaging and high-quality products. Christmas is a good period for EU chocolates because Japanese consumers view imported chocolates from the EU to be of premium quality and thus good gifts. Valentines day is similarly attractive. Popular gifting brands from the EU include Godiva, Leonidas, Jean-Philippe Darcy and Madame Druc from Belgium.

[182] Euromonitor International, Passport (2022). Chocolate confectionery in Japan.

5.7.3 Offer

Domestic production

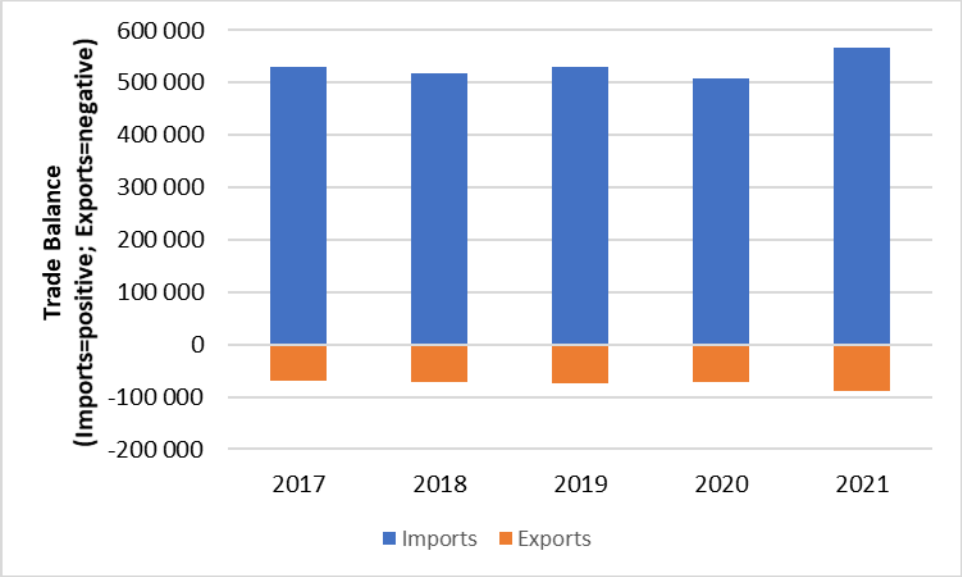
Chocolate has only been consumed on a large scale in Japan since the 20th century. One reason for this is that cocoa is a tropical fruit and thus generally does not grow in Japan. It took some time for chocolate to get known in Japan. Back then the current market leader was known for its sugar confectionery production and chocolate was not a category of its own. When the Belgian chocolate company Godiva entered the market in 1972, chocolate sparked the interest of Japanese consumers and a number of them went to Europe to become chocolatiers. Today, Japan has its own great chocolatiers and culinary schools. Even though cocoa is mainly imported today, a lot more chocolate is produced in Japan. In 2021 Japan produced close to 250 000 tonnes of chocolate. Japanese craft chocolate is often even more expensive than imported premium chocolate. In 2019 there were approximately a dozen bean-to-bar chocolate producers in Tokyo alone.[183]Despite this, the market is currently dominated by big companies. The market leader is Meiji, which offers products from brands such as Meiji Almond chocolate, Chocolate Kouka, Galbo. Meiji is closely followed by Lotte with its Ghana, Crunky and Lotte brands. Morinaga currently has third place in the market and is popular for its Choco Ball, Carré de Chocolate, and Dars brands.

Imports and exports

Figure 5-32 shows that Japan is a strong net importer of chocolate confectionery. In 2021 chocolate with a value of about EUR 567 million was imported whereas chocolate with a value of around EUR 89 million was exported. This means Japan imported over 6 times more than it exported in the same year. Between 2017 and 2021 the value of imported chocolate fluctuated but overall increased compared to 2017 by about EUR 37 million. The value of the export market has constantly increased despite a small decrease in 2020. Between 2017 and 2021 it increased by approximately EUR 19 million.

[183]Japanese Chocolate Culture, From Bean To Bar, https://damecacao.com/japanese-chocolate-bean-to-bar/

Figure 5-32: Trade balance (imports and exports) of chocolate confectionery in Japan, 2017-21; EUR 000

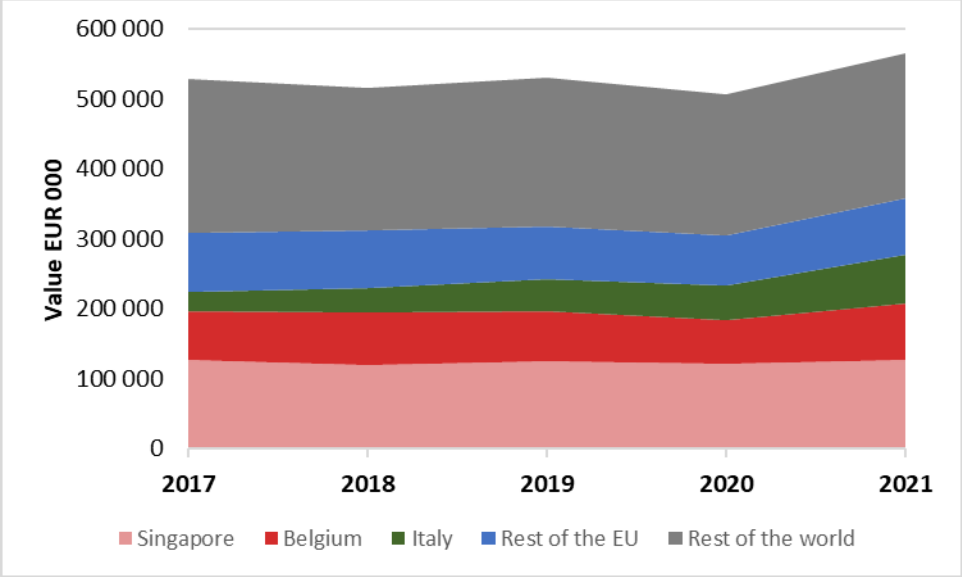


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1806.

In 2021 the three main exporters of chocolate confectionery to Japan were Singapore, Belgium and Italy. Singapore was by far the main exporter of chocolate confectionery to Japan and exported chocolate worth more than EUR 126 million as shown in Figure 5-33. Thus, Singapore alone accounted for about 22% of imports by value. Some way behind in second place, Belgium exported about EUR 81 million, followed by Italy with EUR 71 million. Three out of the top ten chocolate exporters are from the European Union including France in addition to Belgium and Italy. All EU exporters together account for about 41% of imports by value.

Figure 5-33: Japanese imports of chocolate confectionery by country, 2017-21; EUR 000

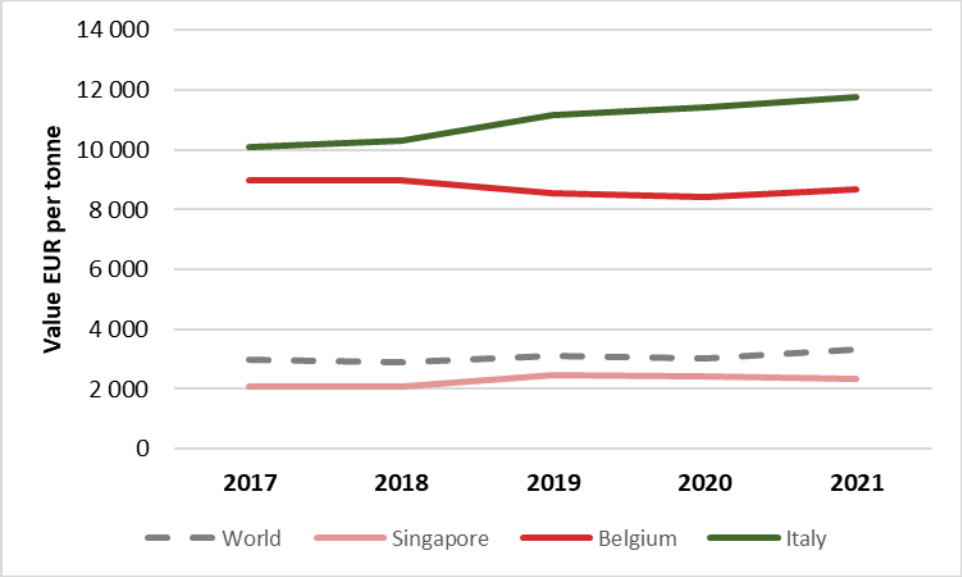


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1806.

The world's average unit value of chocolate confectionery exports to Japan was about 3 300 per tonne in 2021 as depicted in Figure 5-34. Since 2017, the world's unit value had some ups and downs but overall increased by 11% between 2017 and 2021. Most chocolate exported from the EU in 2021 had a unit price above the world's average. This is the case for example for Belgium which had a unit value of about EUR 8 700 per tonne. The unit value of chocolate coming from Italy was even higher at more than EUR 11 700. Singapore, which is the biggest exporter, showed a much lower unit value, which is below the world's average at less than EUR 2 400 per tonne in 2021.

Figure 5-34: Per unit value of Japanese imports of chocolate confectionery for selected countries, 2017-21 (EUR per tonne)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1806.

EU GI products

According to the Economic Partnership Agreement (EPA) between the EU and Japan, one EU GI product is recognised and protected on the Japanese market:

- Lübecker Marzipan (Germany)

Main competitors

Even though ingredients for chocolate such as cocoa are partly imported, domestic companies are the market leaders and thus large competitors for products from the EU. The chocolate market leaders are Meiji, Lotte and Morinaga. Besides these large players, the chocolate confectionery market for higher-end EU products has to compete with an increasing number of local craft chocolate makers in Japan.

When it comes to imports, the EU is an important source of chocolate confectionery in Japan. However, it still has to compete with other countries including Singapore and the United States – though the EU products tend to be more highly priced.

5.7.4 Specific market entry requirements

Market access and custom procedures

Chocolate products are not subject to a particular market entry procedure, but import is subject to a number of general regulations and entry procedures such as the Food Sanitation Act. There might be some issues surrounding food additives.

Tariffs for chocolate products vary by type but are often between 15% to 16%; considerably lower than the MFN rate.

A list of standard documents as well as an overview of the procedure is presented in section 4.2.1.

The following additional documents are needed to export chocolate products from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis
- In some specific cases might also need a Certificate of dioxin content
- In some specific cases might also need a Permit to import sugar

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – chocolate confectionery category (1806) from Germany to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=1806&origin=DE&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

Section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as the country of manufacture.

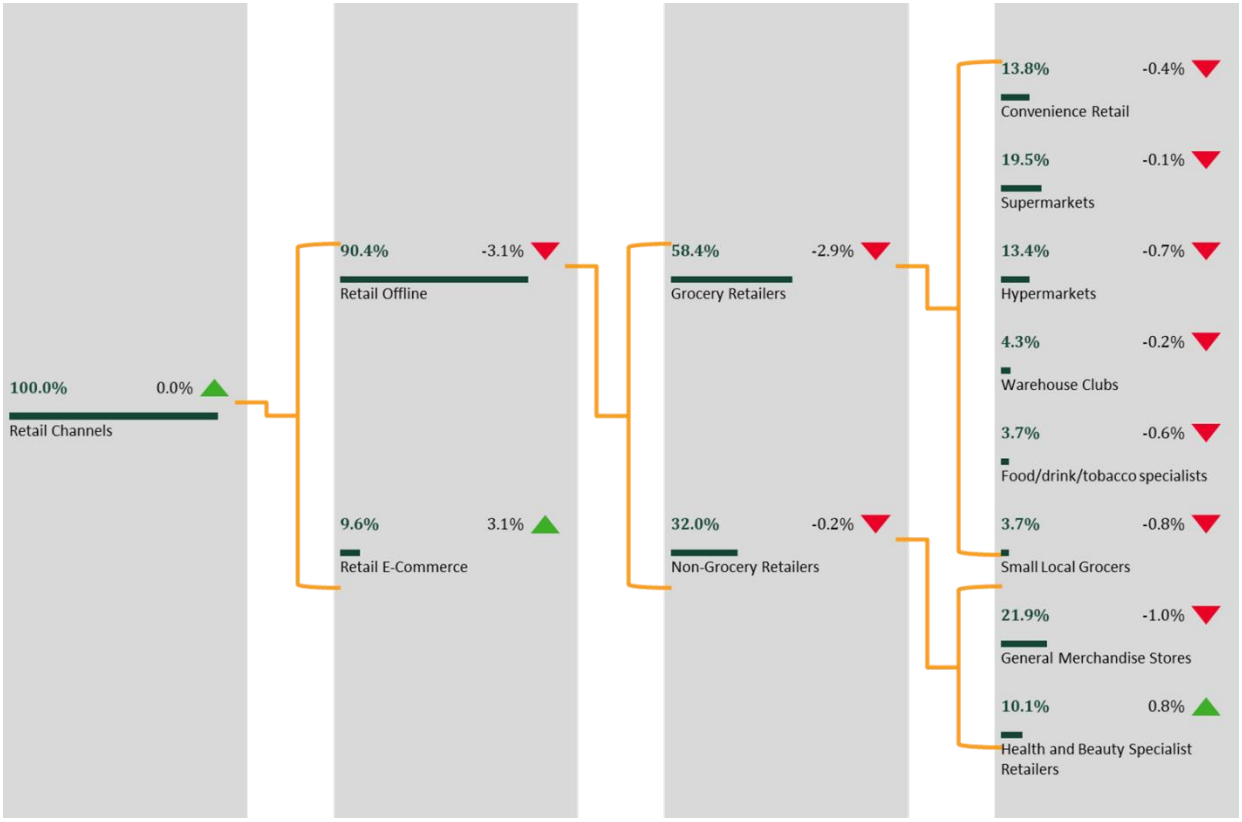
5.7.5 Distribution

As shown in Figure 5-35 chocolate confectionery is nearly exclusively sold through store-based retailing, yet e-commerce accounts for 9.6% of the sales value in 2021 which is a good increase from 3.1% in 2016. Grocery retailers, which accounted for 58.4% of the retail value in 2021 are the main channel, followed by non-grocery retailers with 32.0%. The most important grocery

retailers were supermarkets which accounted for 19.5% of the retail value in 2021 and convenience retail, which accounted for 13.8%. The popularity of both channels has been decreasing since 2016. General merchandise stores are the most popular non-grocery retail channel in 2021 with sales accounting for 21.9% of the retail value.

Supermarkets are so popular because of their good communication with customers, their displays of specific products, and the help of sales assistants. Moreover, supermarkets are popular for their price promotions and availability of many different brands.

Figure 5-35: Distribution channel overview of chocolate confectionery in Japan (2021); retail value



Source: Euromonitor International: Packaged Food, 2022.

5.7.6 Challenges for EU products

Overall, the Japanese market for chocolate confectionery products offers good opportunities for the EU, partly because of the good trade relations over the years between the two parties and the Japan-EU EPA. The EU accounts for more than 40% of the chocolate confectionery imports into Japan by value; and ultimately Japan has a structural deficit of chocolate.

That said, the dominance of large domestic manufacturers in the chocolate confectionery market is one of the biggest challenges for EU producers. In addition, competition from other non-EU countries such as Singapore and the United States is challenging as well; even if exports from these countries tend to have lower unit values. With the EU being known for its higher-end

chocolate products, one of the biggest threats competition wise is domestic craft production which is highly regarded in Japan.

Many retailers in Japan are occupied by products from domestic or large international companies, which means there is only a limited space for EU brands. However, since an increasing number of consumers use e-commerce and thus purchase chocolates from marketplaces such as Amazon or Rakuten, opportunities for EU producers exist. Domestic producers remain a threat as they can easily adapt their products to cater to evolving local taste preferences.

The craft chocolate market in Japan is growing as well. Nevertheless, EU craft chocolate producers might be able to compete if they for example utilise ingredients that Japanese producers do not usually use but which may also interest them, such as cheese, mushrooms, pine wood and wild berries. It may be possible to push the boundaries between sweet and savoury by utilising unexpected flavour pairings, though of prior course market research and assessment is required for this. Another strength of the EU craft chocolate scene are its century old recipes. EU craft chocolate producers can moreover showcase their local areas, culinary traditions, and seasonal rituals. Japanese consumers also value products that are aligned with organic production, alleviating poverty and maintaining ecosystems.

The increasing health consciousness of consumers is challenging in particular for the chocolate confectionery market as a whole; however, with the introduction of healthier options, this should not be a big problem. One point that is a challenge in particular for lower-income consumers is inflation. Prices for chocolate confectionery are increasing and thus lower-income consumers have less access to higher quality more expensive products from the EU.

Market Takeaway: Chocolate confectionery

Consumption: *The market size of the chocolate confectionery market in Japan is about EUR 4.5 billion and is forecast to continue to grow.*

Competition: *Structural deficit. The main overseas competition comes from Singapore and the United States. Large domestic companies Meiji, Lotte, and Morinaga are leading the market. Competition from local craft chocolate manufacturers for premium chocolate products.*

Distribution: *Mainly through store-based retailers such as supermarkets, hypermarkets and convenience stores. The importance of the e-commerce sector continues to grow.*

Challenges*: To compete with big domestic companies and other popular non-EU exporters; plus craft production at the higher end of the market. The rising health consciousness of consumers. Current inflation rates and thus higher prices for confectionery.*

Opportunities: *Chocolate pouches and bags, and boxed assortments, seasonal chocolate. Healthy and value-added products e.g. sugar-reduced products and products with additional vitamins. New flavours and packaging innovations & sustainable packaging.*

5.8 Beer

5.8.1 SWOT analysis

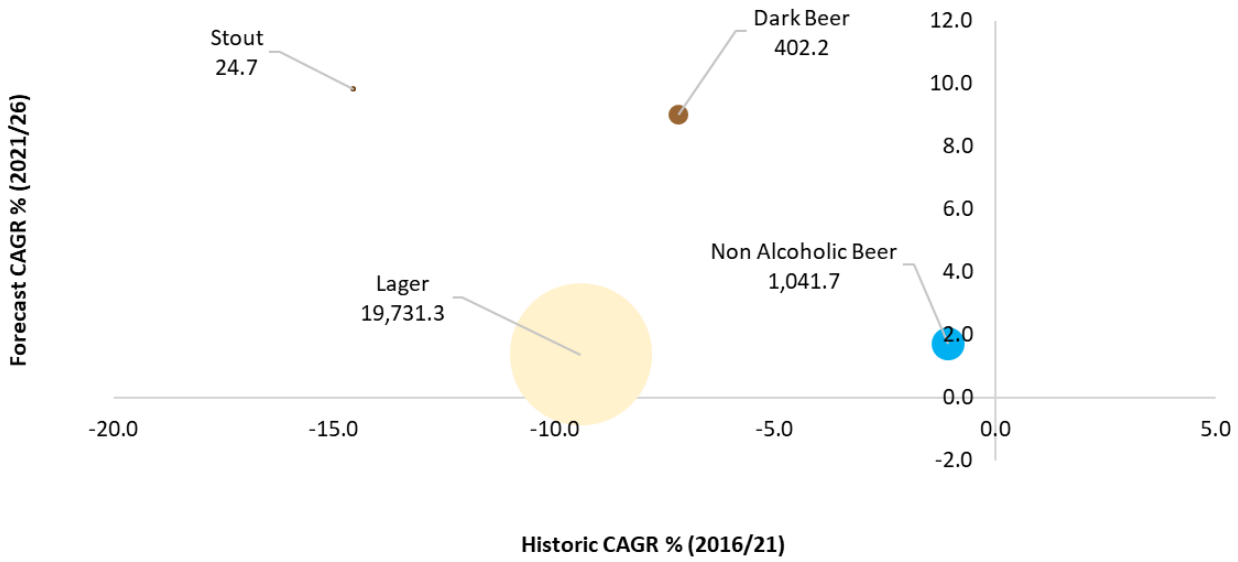
STRENGTHS (+)	WEAKNESSES (-)
▪ Japan is one of the largest beer markets in Asia. ▪ Japan is set to unify the taxation of its beer into a single category which will aid long-term business planning in the country for beer producers. ▪ The beer market by value is forecast to grow in the coming years.	▪ Japan is a net exporter of beer, and the Japanese market is dominated by four major producers. ▪ On-trade consumption is not forecasted to fully recover to pre-COVID-19 levels for a number of years. ▪ The association of beer drinking as a social activity is declining, particularly among younger consumers.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Craft beer consumption is growing with consumers seeking alternative tastes; and other niche products, including dark beer, are also gaining in popularity. Imported beers may be able to jump on this trend. ▪ The rise in demand for beers that are adapted for home consumption. ▪ The niches for dark beer and stout are forecast to grow more quickly and consumers are showing they are open to new types of these beers.	▪ Domestic production is by far the biggest threat. ▪ Craft beer production continues to grow in Japan, adapting to previously rarely produced beers in Japan such as stout. ▪ The rise in health consciousness in Japan is negatively impacting the demand for beer in Japan.

5.8.2 Consumption

Evolution of consumption

As observed below in Figure 5-36, lager is by far the largest beer in Japan by value with a market value of EUR 19.73 billion in 2021. Lager is predicted to grow by a CAGR of 1.4% between 2021 and 2026. Non-alcoholic beer is the second-largest beer product by value with a value of EUR 1.04 billion and is forecast to grow by a CAGR of 1.7% between 2021 and 2026. Dark beer had a value of EUR 402 million in 2021 and stout a value of close to EUR 25 million. Between 2016 and 2021 all categories declined, though non-alcoholic beer declined at the lowest rate of about -1.1% per year. All categories are forecast to grow between 2021 and 2026. The two largest categories lager and non-alcoholic beer will grow at a much slower pace than dark beer and stout; the latter two will grow with a CAGR of 9.0% and 9.8%.

Figure 5-36: Evolution and forecast of the beer market in Japan; 2016-2026 (value, EUR million)



Source: Euromonitor International: Alcoholic Drinks, 2022.

Consumer profile and purchase criteria

Consumers

The Japanese beer market is quite large, accounting for 2.5% of the global market share for beer. The per capita consumption rate of beer in Japan is roughly 38.4 litres per capita which is in line with consumption rates found in other southeast Asian countries such as South Korea and Vietnam and makes consumption fairly universal. A breakdown of beer variants by consumers is presented below.

Lager: Lager is the most popular beer variant that is consumed in Japan. The most sold beer in Japan is a light lager beer with less than 5% alcohol content. Japan has several large domestic producers such as Suntory and Sapporo which help sustain the popularity of lager beers in the country. Consumers of lager beer are most likely to be urban consumers seeking a lighter alcoholic beverage and can come from any income class. Imported lagers are also popular in Japan but are more likely to be consumed by middle and higher-income consumers who will spend extra to acquire imported lagers over widely available domestic lagers.

Non and low alcoholic beers: Pre-pandemic, this was a fast-growing beer category in Japan and is a result of the growing trend of health consciousness in the country coupled with an increasing number of consumers (particularly younger consumers) abstaining from alcohol consumption. This category appeals to urbanised consumers with a health consciousness outlook. While these products have only largely entered the Japanese market in the past decade, they are very popular and are often priced cheaper than standard beer products in Japan while further acting as an incentive for lower-income and price-conscious consumers to purchase them.

***Stout**:* Stout is a notable sector for imported beers in Japan as the country enjoys the product and does not have a large domestic production base. Imported stouts such as Guinness are commonly sought after as Japanese consumers consider these stouts to be of good quality. Consumers of eccentric, curious and middle to higher-income backgrounds are most likely to consume stout in Japan. Guinness has been marketing their stouts in Japan for a number of years which has resonated with consumers in the country. Craft production of stout is also growing in Japan which further signals the potential to import other variants of stout into the country.

Dark beer: Dark beer is also popular in Japan with several domestic brands being commonly consumed in the country. Dark beer appeals to consumers seeking new tastes and flavours outside of the more commonly consumed lager beer. Dark beers are slightly more expensive than other beers such as lagers which might price out lower income earners from purchasing them regularly.

Imported beer: In particular Japanese consumers who have worked, studied or travelled abroad are likely to consume imported beer, as well as foreign expats in Japan. Consumers spending time in restaurants and bars usually also consume more imported beer as it is available on menus. The younger generation's willingness to try new beer brands is higher compared to the older generations.

Drivers and method of consumption

Key drivers of beer consumption in Japan include

- ***Social Gatherings***: Japanese consumers commonly consume beer as a social activity with the product being linked to work gatherings and the celebration of life events. Typical work events are for example: *Bounenkani,* which is a year-end celebration; *Soubetsukai*, which is a farewell party; *Settai*, which is an occasion for business entertainment of clients; and *Joshikai*, which is a gathering of female co-workers with the aim to strengthen their work relationships. In addition to work events, the consumption of beer is also high during the year-end celebrations in December and January. Japanese consumers are not heavy consumers of beer in one session; rather they prefer to take their time and drink beer more sparingly than consumption patterns in the west.
- ***Accessibility**:* As is the case with spirits, beer is widely available in Japan and advertisements for beer products are openly present across the country. Japanese consumers can choose from 24/7 convenience stores to vending machines to get their favourite beer brands. Most retailers from small food stalls on the street to larger supermarkets will stock beer which further enhances the availability of beer in Japan. Drinking beer on the street is socially acceptable in Japan and the beer drinking culture is quite liberal, even compared to western consumption habits.
- ***Craft beers**:* In recent decades Japan has liberalised regulations surrounding the production of craft beers in the country. This has allowed for the growth of a number of small-scale craft beer producers in Japan in recent years and craft beers from the country have even begun to be exported abroad. Several festivals take place in Japan that celebrate and promote craft beers that have been produced in Japan, these include the Oedo beer festival in Tokyo and the craft beer picnic based in Osaka.
- **COVID-19 pandemic:** The COVID-19 pandemic influenced the consumption habits of Japanese consumers. Since consumers spend an increasing amount of time at home and less time in social situations, the on-trade consumption of beer by volume decreased compared to prior to the COVID-19 pandemic. The off-trade consumption of beer has been

decreasing for a few years already, however, it went slightly up in 2020 because of home-seclusion.

Japanese beer method of consumption patterns follows a number of subtle yet key rules to ensure that full respect is shown to the people that one is drinking beer with. These include the custom that one never pours their own beer, as it is expected that one of the people next to you will pour your drink from their bottle. Japanese consumers also often consume the same beers as the people they are drinking with - it is not common for consumers to sit together to have multiple different beers. In Japan, it is common to say *Kenpai* before consuming a beer, this is the equivalent of cheers, sante or prost which are commonly said in Europe before having a beer.

Purchase criteria

In Japan, beer is categorised into three categories. As will be seen below, these categorisations effectively play an important role in the purchase decisions of consumers. The categories are

- Malt beer
- *Happoshu* (literally "sparkling alcohol") – Low malt beer with less than 50% malt content
- *Shin Janru* (New genre beers) – Carbonated beer-like drinks containing very little to zero malt content

These categorisations impact the taxation and ultimately the price of the beer that falls into the respective category. Malt beers are taxed at the highest rate, this ultimately helped to expand the popularity of *Happoshu* beers which were taxed at a lower rate. The Japanese government lowered the malt requirement to 50% to generate more revenue from beer sales. To avoid the tax, the brands continue to make lower-malt content beverages and these days *Happoshu* are typically less than 25% malt content. There are also popular beverages marketed with no malt at all. These categorisations play a key role in the purchasing process due to the impact they have on price; price-sensitive consumers will take this into account when purchasing beers in Japan. By 2026, when the liquor taxes for all beer types are unified the situation will be different. Further, Japanese consumers will take taste into account with light lager beers being the most commonly consumed beers in Japan. Consumers seeking eccentric beers will be drawn to imported beers such as imported lagers, stouts and dark beers. Overall, price, taste and curiosity are the three biggest criteria that Japanese consumers take into account when purchasing beer. However, as the importance of health is increasing, it also became a purchase criterion, particularly for health-conscious consumers. For example, health-conscious older men might prefer to purchase purine-free beers as they do not want to develop gout.

Consumers that prefer to purchase imported beer usually are not price sensitive. The most commonly chosen imported beers are Corona, Heineken and Budweiser. Younger consumers might purchase imported beers because they are viewed to be more fashionable and cool compared to domestic beer brands; and often have unique flavour profiles.

Beer on retailers' shelves in Japan

The most popular beer packaging in Japan are metal cans. The most popular sizes are 350ml and 500ml. Some beer brands use glass bottles, for which 633ml is the most popular size. Metal cans, however, occupy around 90% share in terms of volume. Metal cans are popular because they are lighter, easier to dispose of, and portion sized.



Picture above: Beer shelf showing that beer cans are the dominant packaging type.

Beer shelves are neatly displayed and organised in an easy-to-read manner. Beer is for example categorised as domestic beer, foreign beer, or low-malt beer. Some retailers change up the beer shelves a few times per year. Seasonal or trendy beers are often displayed on islands.



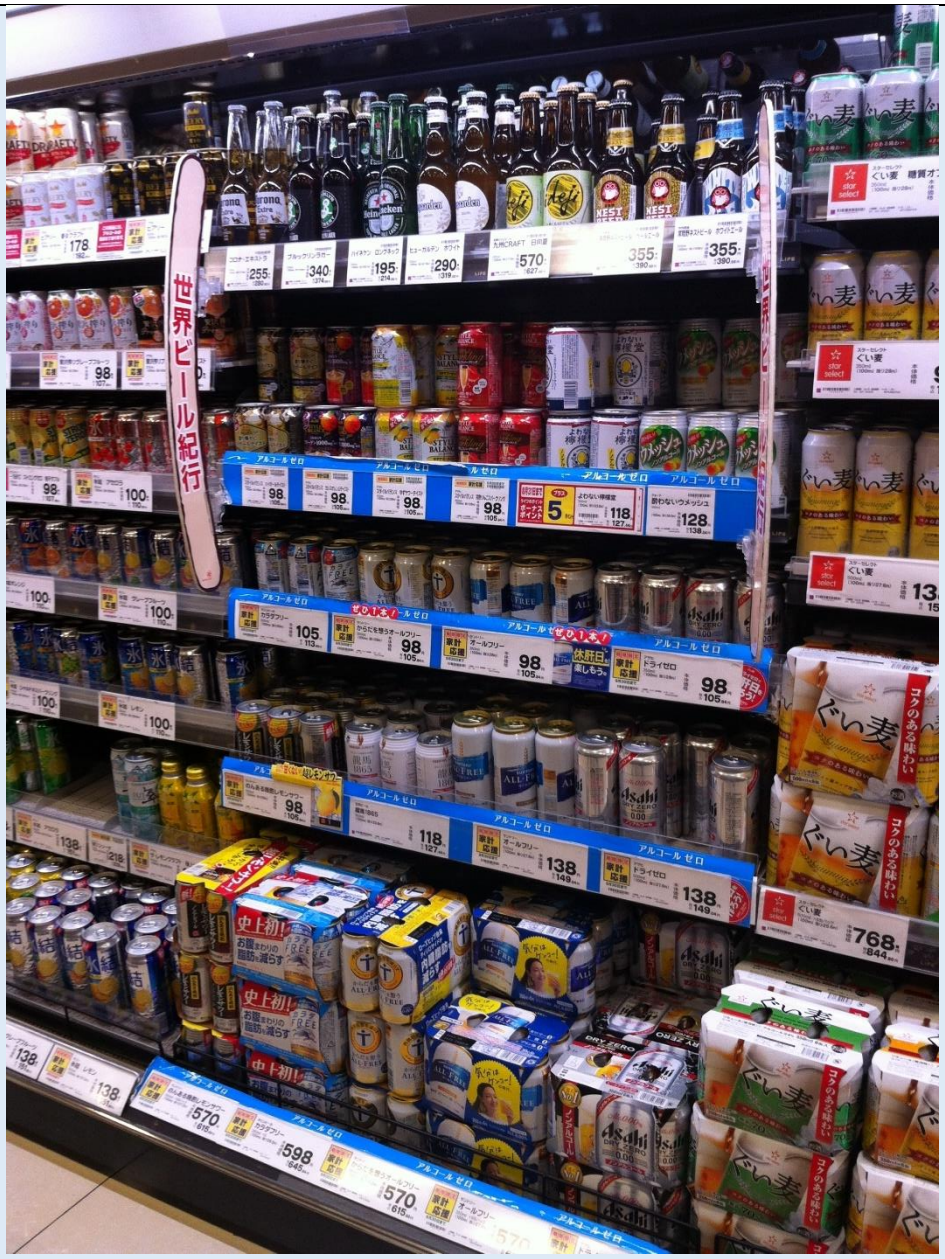
Picture above: Imported beer on retailers' shelves in Japan.

Different beer brands and types have different price points. Hypermarkets for instance sell multipacks of six beer cans quite cheaply. Price promotions are common, in particular during summer time which is the beer season when beer sets including a beer glass are sold. Local craft beer and imported beer from the EU such as Heineken and Peroni are usually more expensive and cost around JPY 200 – JPY per can. Price ranges for a 350ml beer can are generally as follows:

- Value/Economy: <JPY 120
- Mid: JPY 120 – JPY 200
- Premium: JPY 200 – JPY 350
- Super Premium: >JPY 350



Picture above: Beer sold in multipacks in a Japanese retailer.



Pictures above and below: Beer shelves in Japanese retailers.



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

Recent trends in the Japanese beer market include

- ***The rise in low and non-alcoholic beer sales:*** Non-alcoholic beer recorded strong growth in 2021. The rise of health awareness as a result of the pandemic and home seclusion continued to benefit sales of non-alcoholic drinks. Although the off-trade sales volume accounts for nearly 90% of the total volume of non-alcoholic beer, there was a sudden increase in on-trade sales in 2021, because of the government-led restriction on serving alcohol in bars and restaurants to control the spread of the virus. Since non-alcoholic beverages were exempt from the restriction, many bars and restaurants continued to operate by only serving non-alcoholic drinks so that they could continue their business.
- ***Impact of tax reformation:*** The liquor tax regime will continue to see reformation in upcoming years. Beer is currently classified into three types – beer, *happoshu*, and new genre beer – determined by factors such as the ratio of malt usage, the use of raw materials, and production method. Different tax rates are applied to each type of beer. Tax rates are the highest for products with high malt content such as beer, less high for *happoshu* and even less for new genre beer. However, changes in the liquor tax regime are set to tax all beer – beer, *happoshu*, and new genre beer – at the same rate of JPY155 000 per kilolitre by 2026. This change is likely to affect the beer market. It is foreseen that part of the consumption will shift from *happoushu* and third genre to beer. The beer segment might experience a revival. Some beers from the EU might

benefit from the change as most EU beers have a high malt content and thus currently are subject to higher taxes.

- ***Rise in home consumption impacting recent market trends in the Japanese beer market:*** As Japanese businesses that sold alcohol were forced to close or work under heavy restrictions during the COVID-19 pandemic, many consumers switched to home consumption. A number of producers have adapted their beer products to cater more to home consumption. This includes practices such as offering a special coating inside their cans which creates a creamy foam once the lid is opened - the product is intended to emulate a beer glass so that consumers can enjoy a similar experience at home to drinking draught beer at a bar or restaurant. Going forward, it is likely that home consumption will continue to be sustained at higher levels than pre-pandemic which will act as a further incentive for both domestic and foreign producers to innovate their products towards catering to home consumption.

5.8.3 Offer

Domestic production

The Japanese beer market is made up of four large brewers, these are Asahi and Kirin (each with about 1/3 market share), Suntory (around 17% market share) and Sapporo (around 10%). These four producers largely act as trend setters in the market as combined they have nearly a three-quarters share of the market. Domestic breweries account for around 95% of the market share, which leaves limited space for imported beers. Nevertheless, the demand for imported beer usually increased during international events such as the World Cup, the Olympic Games and the World Baseball Classic.

Sapporo brewery dates back to 1876, which makes it much older than many breweries found in other Asian countries. Overall, Sapporo has five breweries in Japan, Kirin has fifteen breweries and Suntory has four beer breweries. There roughly are around 200 microbreweries spread out across Japan offering a wide range of craft beers of multiple varieties.

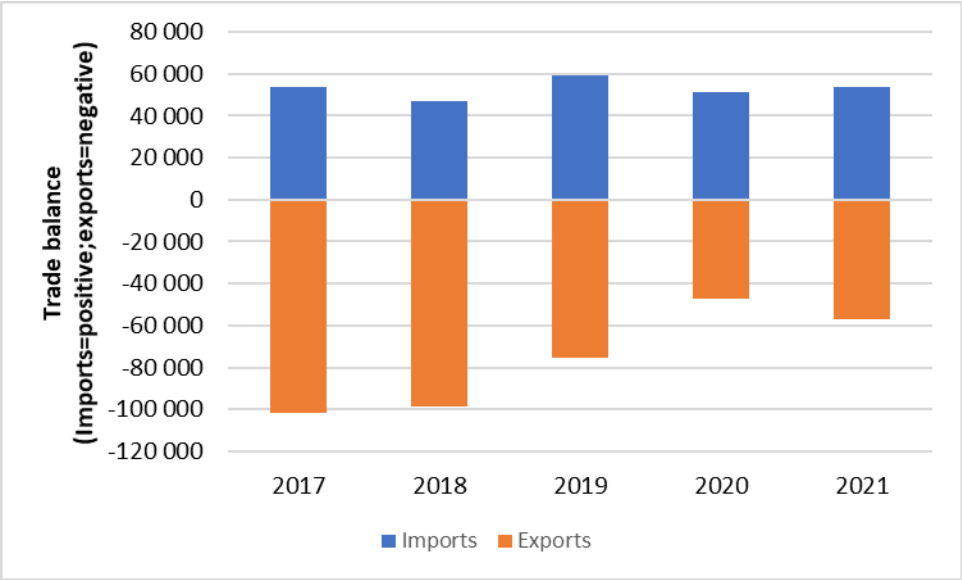
In 2021, Japan produced around 1.9 billion litres of beer, with the majority of this beer being consumed domestically in Japan. The production of beer in Japan has been present for over 100 years. Originally, the Japanese brewing industry has a strong German influence because beer brewers would travel to Germany to learn about their techniques and styles. During the 1950s, Japanese breweries started to develop different styles and lighter recipes of beer to cater to domestic consumers.

The popularity of craft beer is increasing in Japan. The total number of craft beer breweries nearly doubled between 2015 and 2021. Japanese craft beer brewers aim to create beers that stand out. To do so they use different varieties of malts, including wheat malts, barley malts, and roasted malts. Even though the demand for craft beer is growing rapidly, it is still in a developmental stage.

Imports and exports

As shown below in Figure 5-37 Japan is a net exporter of beer with the country exporting a five-year peak of EUR 101 million in 2017, although this has declined to a value of EUR 56 million in 2021. Japan has consistently imported around EUR 50-55 million worth of beer in the past five years between 2017-2021.

Figure 5-37: Trade balance (imports and exports) of beer in Japan, 2017-21; EUR 000

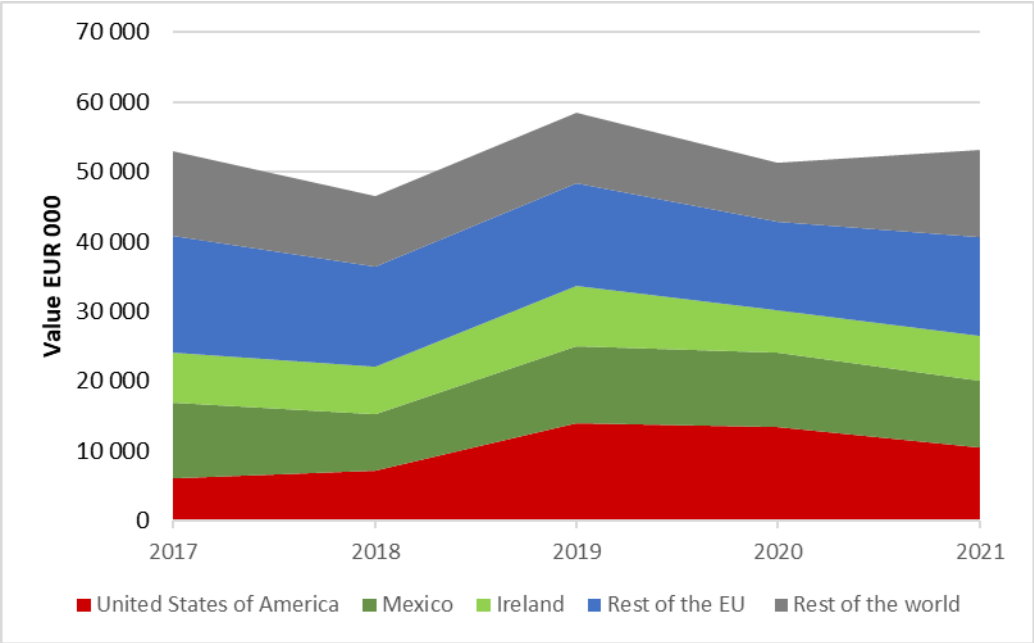


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2203.

Figure 5-38 shows that The United States is the largest exporter of beer to Japan with a value of EUR 10 million in 2021. This is followed by Mexico with a value of EUR 9.6 million and Ireland with a value of EUR 6.3 million (mainly stout exports). The rest of the EU exports of beer to Japan came to a value of EUR 14 million with the bigger EU member state exporters being Belgium, Germany and Italy.

Figure 5-38: Japanese imports of beer by country, 2017-21; EUR 000

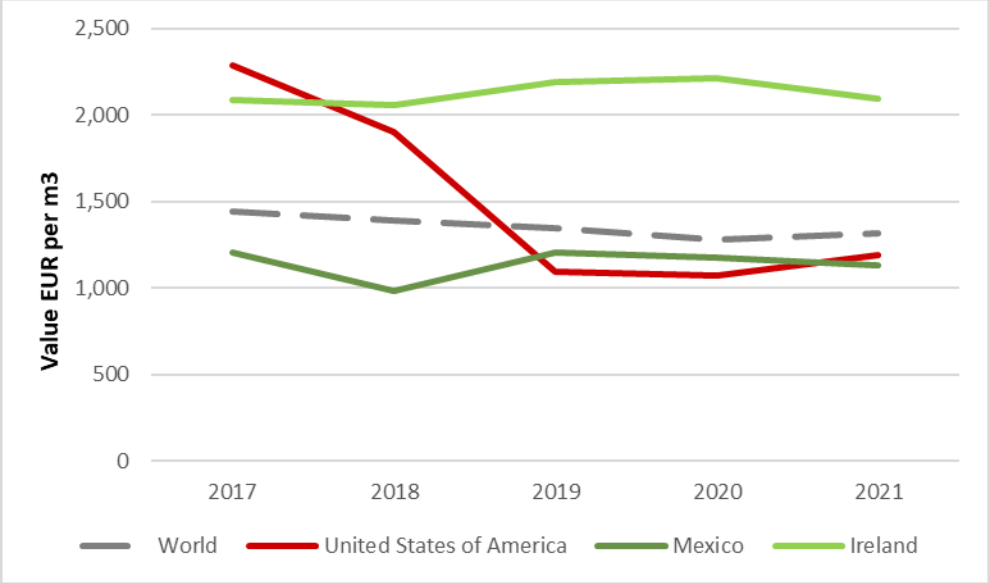


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2203.

Figure 5-39 shows the per-unit value of Japanese beer imports. Ireland has the highest unit value of beer exports to Japan at a unit value of EUR 2 190. This is above the global average which is the value of EUR 1 344 in 2021. The unit value of US exports came to EUR 1 090 while Mexican unit value exports were slightly higher at EUR 1 200.

Figure 5-39: Per unit value of Japanese imports of beer for selected countries, 2017-21 (EUR per m³)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 2203.

EU GI products

The Economic Partnership Agreement between the EU and Japan grants certain products recognition and protection in the Japanese market. Among them, there are EU GI beer products and beer-related spices:

- Hops: Žatecký chmel (Czech Republic)
- Hops: Hopfen aus der Hallertau (Germany)
- Hops: Spalt Spalter (Germany)
- Beer: Budějovické pivo (Czech Republic)
- Beer: Budějovický měšťanský var (Czech Republic)
- Beer: České pivo (Czech Republic)
- Beer: Českobudějovické pivo (Czech Republic)
- Beer: Bayerisches Bier (Germany)
- Beer: Münchener Bier (Germany)

Main competitors

The biggest competitor in the Japanese market comes from domestic production. Japan is dominated by four large producers who have consolidated the beer market in the country. Japan is the main focus market for these four producers requiring them to be well in touch with recent market developments impacting the beer market in the country. Outside of Japan, the biggest competitors in the market come from beers originating from the US and Mexico (with Mexico having a free trade agreement with Japan).

5.8.4 Specific market entry requirements

Market Access and customs procedures

Beer does not face any specific market access restriction; however, as is the case with wine case, there might be issues with food additives. Furthermore, as in the case of other alcoholic drinks, beers are subject to regulations and entry procedures of Food Sanitation Act and Liquor Tax Law.

Tariffs for beer from the EU are generally 0%.

A list of standard documents as well as an overview of the procedure is presented in section 4.2.1. There are three types of procedures when importing alcoholic beverages:

- For personal use – under 10kg or less with no procedure
- For provision for drinking at self-owned establishments (bar, restaurant etc.) – importers should follow the procedures identified by a respective quarantine station, which holds jurisdiction over the importing area (section 4.2.1). The requirement for a licence to sell alcoholic beverages does not apply in this case.
- For sale – apart from the quarantine station procedures, an importer should also obtain a licence to sell alcoholic beverages under the provisions of Liquor Tax Law.[184]

The following additional documents are needed to export beer from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

In addition, additives in alcoholic beverages require additional approval under the Liquor and Tax Act Enforcement Regulation of the National Tax Agency (NTA).

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – general beer category (2203) from France to Japan

https://trade.ec.europa.eu/access-to-markets/en/results?product=2203&origin=BE&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

[184] Importation of Alcoholic Beverages (FAQ); Japan Customs; http://www.customs.go.jp/english/c-answer_e/kojin/3105_e.htm

Labelling

Labelling of beer must conform with a variety of pieces of legislation, including the food labelling act. Information on the label needs to be displayed in Japanese. Labels of beer must contain the information listed for processed foods in section 4.2.3. In addition to this, the alcohol level (in degrees or %) must be indicated.

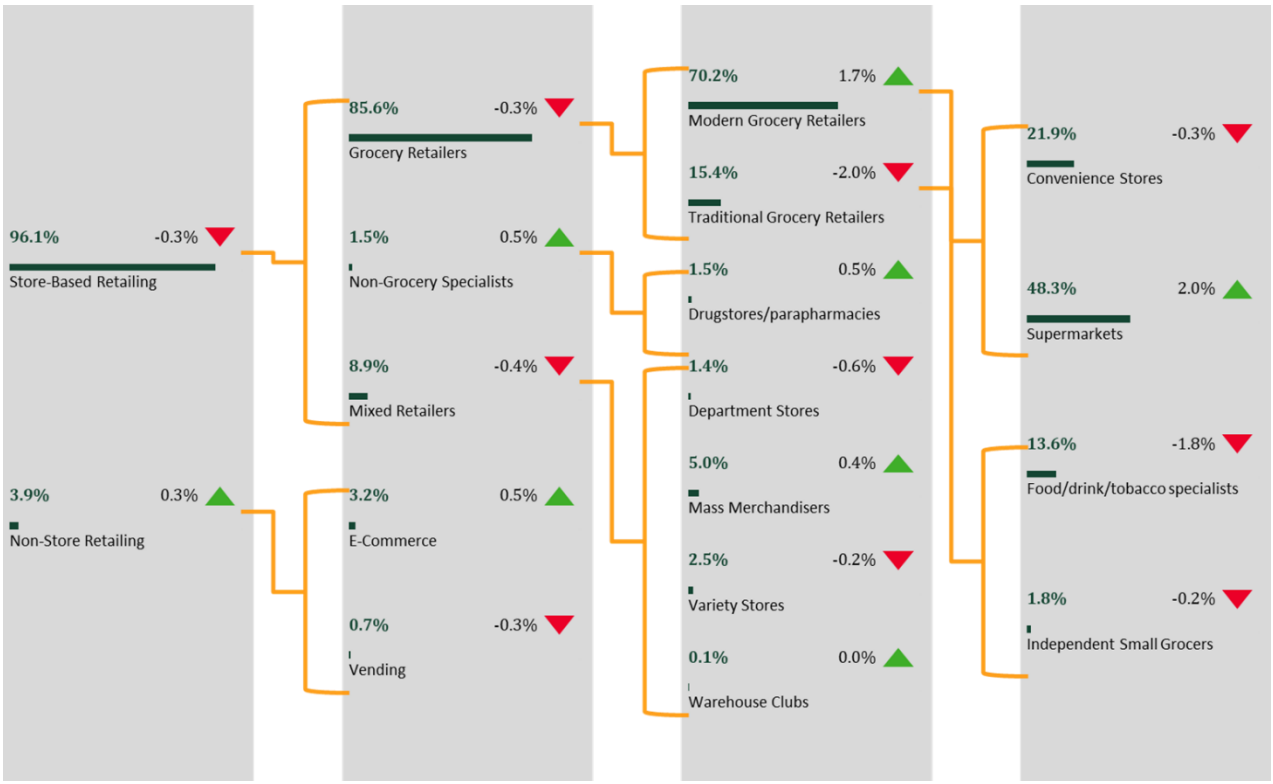
5.8.5 Distribution

In 2021 around 4.3 billion litres were sold off-trade and over 410 million litres on-trade. Since the COVID-19 pandemic started on-trade consumption by volume has been decreasing significantly. Back in 2019 on-trade sales were around 1 million litres, which is more than double the sales of 2021.

As shown in Figure 5-40. Grocery retailers account for 85.6% of the off-trade distribution of beer in Japan. The biggest grocery retail outlets that distribute beers in Japan are modern grocery retailers which account for 70.2% of sales. Within modern grocery retailers, supermarkets are the biggest distributors accounting for 48.3% of sales, with convenience stores accounting for 21.9% of sales. Traditional grocery retailers account for 15.4% of sales. 8.9% of sales come from mixed retailers while the e-commerce channel accounts for 3.2% of sales.

EU producers often sell their products to agents, importers or wholesalers. Konishi Co Ltd for example, which manufactures alcoholic beverages in Japan, imports Belgian beers such as Duvel, Vedett and Liefmans. Common distribution channels for imported beers are restaurants and bars, but also food wholesalers and trading houses. Mitsui Foods, which is a large wholesaler, imports beer from Belgium such as Chimay, and Italy e.g. Baladin. E-commerce is another interesting channel for EU producers. Small craft breweries can for example utilise the craft beer delivery service ‘Otomoni’.

Figure 5-40: Distribution channel overview of beer in Japan (2021); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2022.

5.8.6 Challenges for EU products

The main challenge for EU products within the Japanese market is competition with Japanese producers in Japan in a market that is heavily consolidated by four major producers. Indeed, overall Japan is a net exporter of beer – a testament to the strength of domestic production.

Nevertheless, there remains a potential for innovative EU brands to enter the Japanese beer market because consumers are open to experimenting with new flavours and tastes. Adapting to new market trends such as the rise in home consumption and the rise in demand for low and non-alcoholic beer products also needs to be considered when entering the Japanese market. EU producers might cater to the craft beer sector by collaborating with domestic producers, and to celebrations and social or cultural gatherings. EU exporters can also utilise the largest international beer competition (International Beer Cup), which takes place annually in Japan.

Market Takeaway: Beer

Consumption: *Japan remains a large beer market with per capita consumption roughly in line with other Asian countries such as South Kores and Vietnam. Japanese consumers increasingly adapting to home consumption and the consumption of low and non-alcoholic beers.*

Competition: *Domestic beers are the main competition in Japan as the Japanese beer market is controlled by four major beer producers. US, Mexican and Korean beers are the biggest competition outside of Japanese-produced beer.*

Distribution: *Modern grocery retailers account for 70% of beer sales in Japan with supermarkets alone accounting for almost half of sales. E-commerce accounts for 3.2% of sales.*

Challenges*: Adapting to new market trends in Japan coupled with competing with major Japanese producers who view Japan as the premier market are the biggest challenges for EU beers entering the market.*

Opportunities: *The demand for larger and non-alcoholic beer is strong, yet smaller categories are on the rise as well. Alternative/craft beers are the two major opportunity areas in this market. Beers that are catered to be consumed in the home are also likely to continue to grow in popularity in Japan.*

5.9 Pasta

5.9.1 SWOT analysis

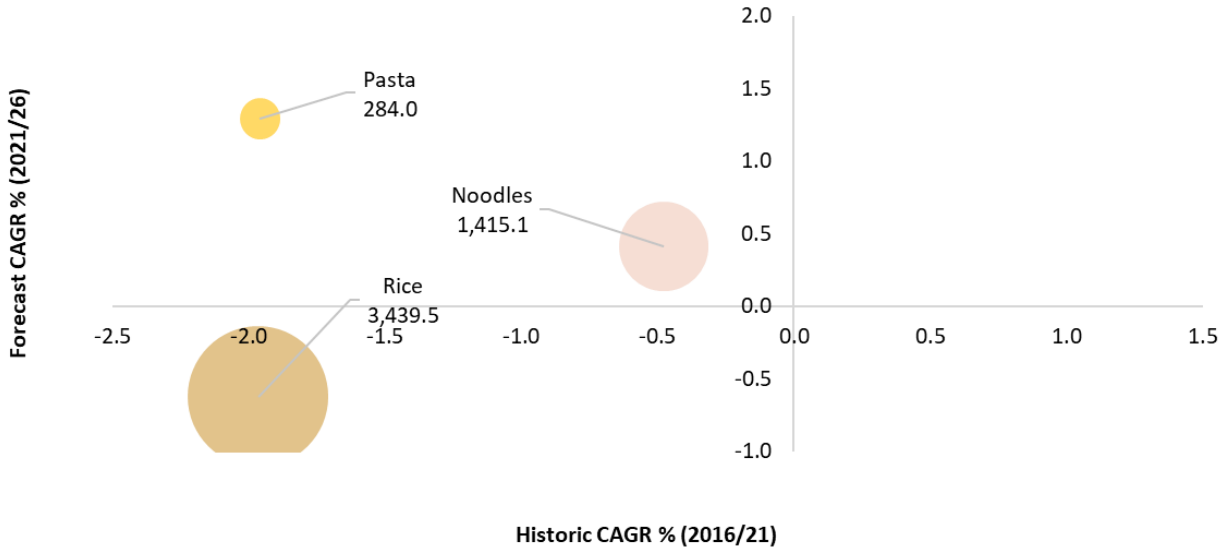
STRENGTHS (+)	WEAKNESSES (-)
▪ Japan is a net importer of pasta, noodles and couscous. ▪ The EU accounts for more than 1/4th of imports of pasta, noodles and couscous, with Italy being the largest exporter. ▪ Pasta is forecast to have a higher growth rate than rice and noodles.	▪ Pasta is the smallest category by far compared to rice and noodles. ▪ Pasta dishes in Japan commonly have an American influence and are not typical Italian style dishes.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Pasta from the EU, in particular from Italy is viewed as a premium product. ▪ The demand for healthier varieties of pasta is increasing. ▪ Fast-to-boil pasta is popular due to its convenience.	▪ Japan's own domestic pasta production. ▪ Domestic staples such as rice and noodles are still much more commonly consumed than pasta. ▪ Price sensitivities may impact demand for more expensive European pasta.

5.9.2 Consumption

Evolution of consumption

Figure 5-41 below shows that rice is the most consumed staple with a volume of 3.4 million tonnes in 2021, this category is forecasted to decline by a CAGR of -0.6% between 2021 and 2026. Noodles is the second-largest category with a total volume tonnage of 1.4 million in 2021 followed by pasta with a total tonnage of 284 000. Pasta will be the fastest-growing category with a predicted CAGR of 1.3% between 2021 and 2026.

Figure 5-41: Evolution and forecast of the pasta, noodle and rice market in Japan, 2016-2026 (000 tonnes)



Source: Euromonitor International: Packaged Food, 2022.

Consumer profile and purchase criteria

Consumers

Pasta is the least consumed product within the wider dry staple category of pasta, rice and noodles in Japan. Despite this, its popularity is growing among many different types of consumers. Restaurants serving pasta dishes such as Italian restaurants are common in urban centres and as most of Japan's population urban-based they have easy access to them. In particular, consumers who enjoy more western but also specifically Italian cuisine consume commonly more pasta than the average consumer. Consumers of Italian pasta, tend to have higher incomes than average as these products can be considered premium and often come with a higher price tag than pasta products and staples from other countries. Younger consumers are likely to expect more from pasta in terms of style, taste and additional health benefits.

Drivers and method of consumption

Along with rice and instant noodles, which are staples in Japan, the consumption of pasta has been on the rise since the 80s, when Italian cuisine flourished in this country. Nowadays pasta (especially spaghetti) has established itself as one popular meal for Japanese consumers and is growing in importance as a more convenient substitute for rice.

Rice on the other hand has been losing popularity over recent years, as cooking this product takes longer than e.g. cooking pasta. Japanese consumers are increasingly opting for more convenient sources of carbohydrates such as fast-cooking pasta. Furthermore, due to a growing interest in health issues, the low-calorie, organic and gluten-free segments are gaining momentum, especially among women.

Italian cuisine – the primary driver of pasta consumption - is popular in Japan and available nearly everywhere. Pasta is one of the most popular Italian dishes in Japan. It is not only served in Italian restaurants but can be found in *izakaya* pubs, in French and Spanish restaurants, or even as a topping on Japan's famously eccentric pizzas. However, the readily available Italian dishes in Japan such as Japanese 'Napolitan', 'meat sauce', or 'mentai spaghetti' may be considered American-style pasta rather than Italian because sauces in Japan are often creamy and put on top of the pasta. More or less all pasta is served in a Japanese style, which has derived probably from the United States rather than Italy.[185]

In addition to these western style dishes Japan also has a variety of pasta dishes that use domestic ingredients such as the popular 'wafu spaghetti'. Wafu Spaghetti is a Japanese style dish that can be made with soy sauce, and seaweed instead of Parmesan. Basil is also commonly exchanged for strips of verdant shiso.[186]

Japanese consume pasta and noodles on different occasions. Pasta and noodles are considered 'daily' dishes, which can be prepared quickly and easily consumed during lunchtime. Nonetheless, in its more sophisticated varieties, pasta can be also consumed when dining out, or on special occasions. Authentic Italian pasta for example that is served with a glass of wine is considered an elegant dish and can be served for a date or as a special lunch.

Prior to the COVID-19 pandemic, on-trade was a major driver of pasta with the product consumed mainly at Italian restaurants and spaghetti speciality shops, or Italian-Japanese fused cuisine restaurants. The Kamakura Pasta chain is one example; it offers many different kinds of Japanese-Italian fused pasta. However, since consumers now spend much more time at home their pasta home consumption is increasing. All supermarkets sell different varieties of pasta and pasta sauces. Japanese consumers like to cook standard recipes, such as pasta with meat sauce, carbonara, or pasta with olive oil, garlic and chilli, and/or, pasta topped with local products, such as Tarako Spicy Cod Roe Pasta Sauce Packet, Japanese Squid Ink Pasta, Japanese Urchin Cream Pasta, and Japanese Plum Umeshiso Pasta.

Purchase criteria

Some of the consumers' main purchase criteria to select pasta products are reduced preparation time, price, and authenticity of the product. Convenience is particularly important in the rice, pasta and noodles segment, as demonstrated by the growing popularity of the so-called "hayayude" pasta products – those which boils in less than five minutes – boosted by the need for time-saving cooking. Due to inflation, consumers are paying more and more attention to what they spend their money on, which means that price-sensitive consumers are likely to purchase cheaper pasta products or even rice and noodles instead, whereas higher-income consumers remain likely to purchase higher quality premium pasta products. As Italy is often viewed as the "motherland of pasta", Japanese consumers view Italian pasta as the most authentic one.

[185] 'Is This Really Italian?!' Crazy Things About Japanese Food That Shocked an Italian Traveler (2020), https://livejapan.com/en/in-tokyo/in-pref-tokyo/in-tokyo_train_station/article-a0004147/

[186] You Should Definitely Eat Spaghetti in Japan, https://www.eater.com/2019/7/17/20683610/wafu-spaghetti-napolitan-tokyo-japan-best-pasta-dishes

Recent market trends

Pasta is forecast to grow at a stronger rate than rice and noodles in the coming years. This is partly due to the health trend, healthier or special pasta variants such as gluten-free pasta have begun to appear across Japan's food outlets in recent years. Moreover, this is due to the continuous westernisation of Japanese eating habits and the consumer's interest in Italian food. In particular fast to boil pasta is trending as it saves consumers time and is more convenient than other staples.

5.9.3 Offer

Domestic production

Pasta came to Japan during the Meiji era and was first known as '*yo-somen'*, which means western *somen* noodles. Back then pasta was quite rare and only to be found in the port of Nagasaki. The first Japanese company started to produce pasta (in this case macaroni) for the first time in the 1950s. The demand for pasta increased a lot in particular due to the American occupation after WW2 as pasta was a staple military food. At the end of the 1960s, pasta started to be sold in local *kissaten*, which are coffee shops. It became popular in the 1980s though when Italian cuisine started to boom, and all kinds of restaurants started to sell pasta dishes. Japan produces around 140 000 tonnes of pasta per year, and even more is imported to meet domestic demand.[187]

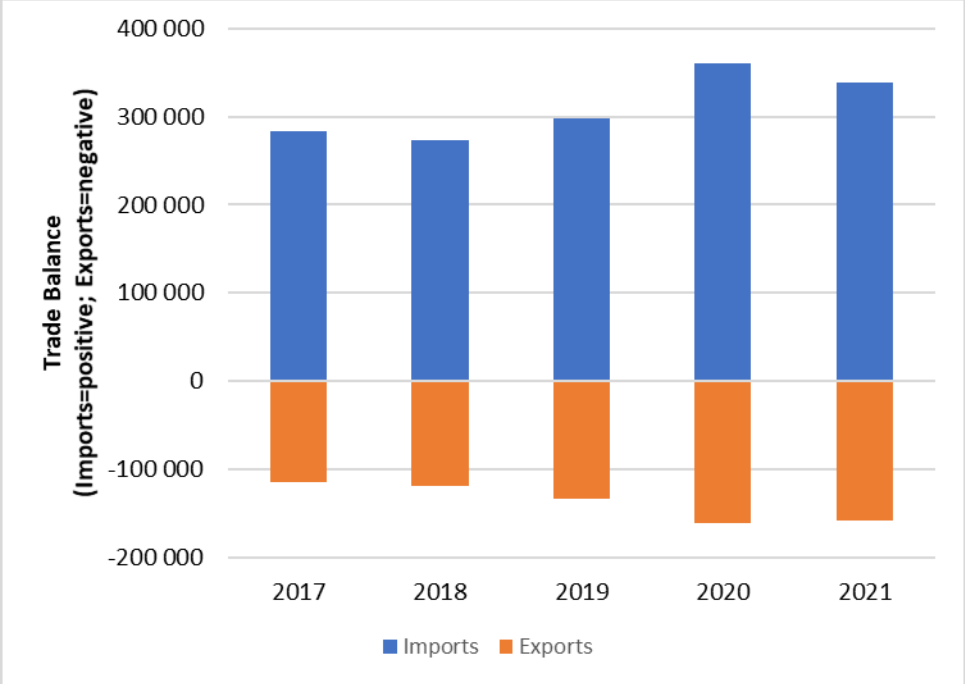
The pasta and noodles market in Japan is fragmented. The biggest five companies accounted for around 40% of production value in 2021. Nissin Food Products Co Ltd is leading the pasta and noodles market in Japan.

Imports and exports

Figure 5-42 below shows the trade balance of Japanese pasta, noodles and couscous; and further shows that Japan is a net importer. In 2021 Japan imported products with a value of close to EUR 339 million, whereas it exported nearly EUR 158 million. Thus, the country imported over 2 times more than it exported. Between 2017 and 2021, imports as well as exports were highest in 2020.

[187] You Should Definitely Eat Spaghetti in Japan, https://www.eater.com/2019/7/17/20683610/wafu-spaghetti-napolitan-tokyo-japan-best-pasta-dishes

Figure 5-42: Trade balance (imports and exports) of pasta, noodles, and couscous in Japan, 2017-21; tonnes

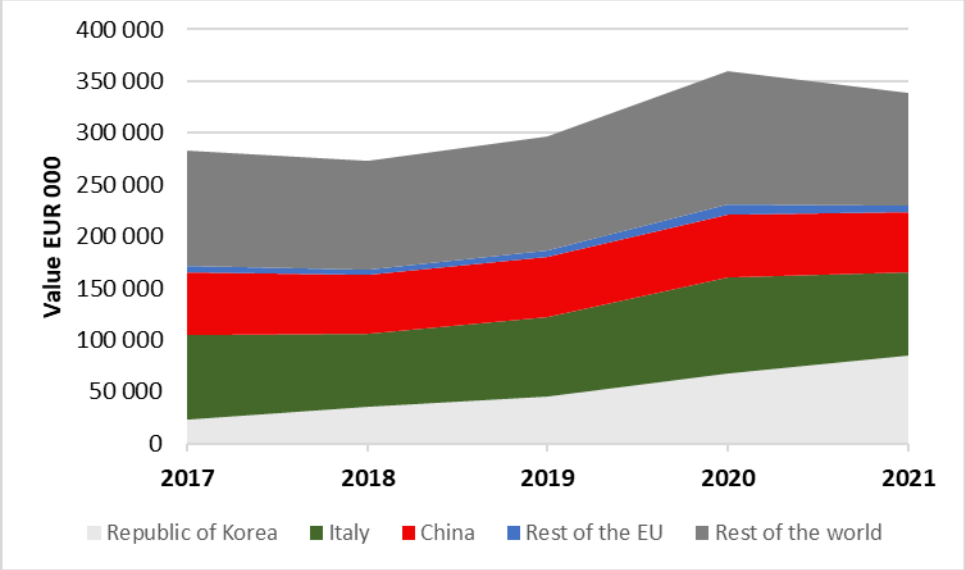


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN codes 1902

Figure 5-43 shows that the Republic of Korea is the largest exporter of pasta, noodles and couscous to Japan with the country exporting around EUR 85 million to Japan in 2021; it can be assumed that this is predominantly if not entirely noodles. Italy is the second-largest exporter followed by China. in 2021, Italy accounted for about 24% of imports by value. Belgium is the second-largest EU exporter with the country exporting EUR 2.3 million in 2021. The EU in total accounted for close to 26% of imports into Japan in 2021.

Figure 5-43: Japanese imports of pasta, noodles and couscous by country, 2017-21; tonnes



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1902

EU GI products

No GIs for pasta products have been identified as having been registered at present.

Main competitors

Even though the EU in total accounts for over 1/4th of imports to Japan the largest competitors from outside of the EU come from the Republic of Korea and China which are the first and third biggest exporters respectively. However, these countries are particularly good at exporting noodles to Japan, whereas the EU is likely to be a stronger pasta exporter to Japan.

The domestic production Is competing with EU products as well, with around 140 000 tonnes produced each year (about half of total pasta consumption). The noodles and pasta market is dominated by a Japanese company called Nissin Food Products.

5.9.4 Specific market entry requirements

Market access and customs procedures

Rice, pasta and noodles do not face any formal market access obstacles. However, import is subject to a number of general regulations and entry procedures, complying with, *inter alia*¸ Food Sanitation Act.

Tariffs on pasta vary but are usually below the MFN. For example, uncooked pasta containing eggs is EUR 0.09 per kg vs EUR 0.21 per kg.

A list of standard documents as well as the overview of the procedure is presented in section 4.2.1. Some additional documents, which are listed below might be needed.

Additional documents that are needed to export pasta from the EU to Japan are the following:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products.
- Certificate of analysis

In addition to this, some specific products might need Veterinary health certificate for animal products and / or a certificate of dioxin content.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – pasta, noodles, couscous (1902) from Italy to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=1902&origin=IT&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

The section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as country of manufacture.

5.9.5 Distribution

Figure 5-44 outlines the main distribution channel for pasta in the Japanese market. Modern grocery retailers are the largest distribution channel with supermarkets being the largest sub-channel with a share of 50.6%. Mixed retailers account for 34.3% of sales while health and beauty specialist retailers account for 8.5% of sales. The popularity of e-commerce has been rising and accounted for 3.2% of the retail value in 2021.

Figure 5-44: Distribution channel overview of pasta in Japan (2021); retail value



Source: Euromonitor International: Packaged foods, 2022.

5.9.6 Challenges for EU products

Even though the pasta market is much smaller than that of rice and noodles it is growing, which offers opportunities for EU exporters. However, competing with these other much more established staples of the Japanese will remain a challenge. Due to the COVID-19 pandemic and rising inflation in Japan, consumers tend to be more price sensitive and thus might not offer premium products from the EU such as Italian pasta, if they do not have the means to do so. However, higher-income consumers in Japan may continue to choose such products. Moreover, there is competition most notably from domestic production in the pasta segment, though Italy remains the main exporter when it comes to pasta products alone. Japanese consumers are also increasingly demanding more from pasta products in terms of health properties and new pasta varieties.

Market Takeaway: Pasta

Consumption: *Pasta consumption remains much smaller than the consumption of rice and noodles with a total tonnage of 284 000 in 2021, however, is forecast to grow at the fastest rate in the coming years.*

Competition: *Domestic production of pasta accounts for around half of consumption and the market for noodles and pasta is dominated by domestic company Nissin Food Products. Indirect competition with the much more popular staples of rice and noodles.*

Distribution: *Supermarkets are the main channel of distribution for pasta; mixed retailers are important as well. E-commerce sales are still small but growing.*

Challenges*: To compete with other more popular staples such as rice and noodles and to compete with domestic production. Challenges to remain price competitive due to COVID-19 and inflation.*

Opportunities: *The export of pasta which incorporates health properties and is fast to boil offers notable opportunities in this sector.*

5.10 Sugar confectionery

5.10.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
▪ EU exports account for over 40% of the imported sugar confectionery market by value. ▪ The sugar confectionery market by value is forecast to grow.	▪ Japan is a net exporter of sugar confectionery. ▪ Current inflation increases prices for sugar confectionery products. ▪ Lollipops is the smallest category by value and is forecast to decline in the coming years.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Healthy and value-added products, e.g. sugar-reduced and medicated products as well as products with additional vitamins. ▪ Sustainable and innovative packaging suitable for home consumption as well as on-the-go. ▪ The use of social media marketing to reach younger consumers. ▪ Most categories offer opportunities, however, other sugar confectioneries, and pastilles, gummies, jellies and chews, are the largest ones, whereas mints show the highest forecasted growth.	▪ The biggest players in sugar confectionery are domestic companies. ▪ Other exporting countries such as China and Turkey offer a secondary competitive threat. ▪ The COVID-pandemic has affected demand for some products both through its economic and social impacts.

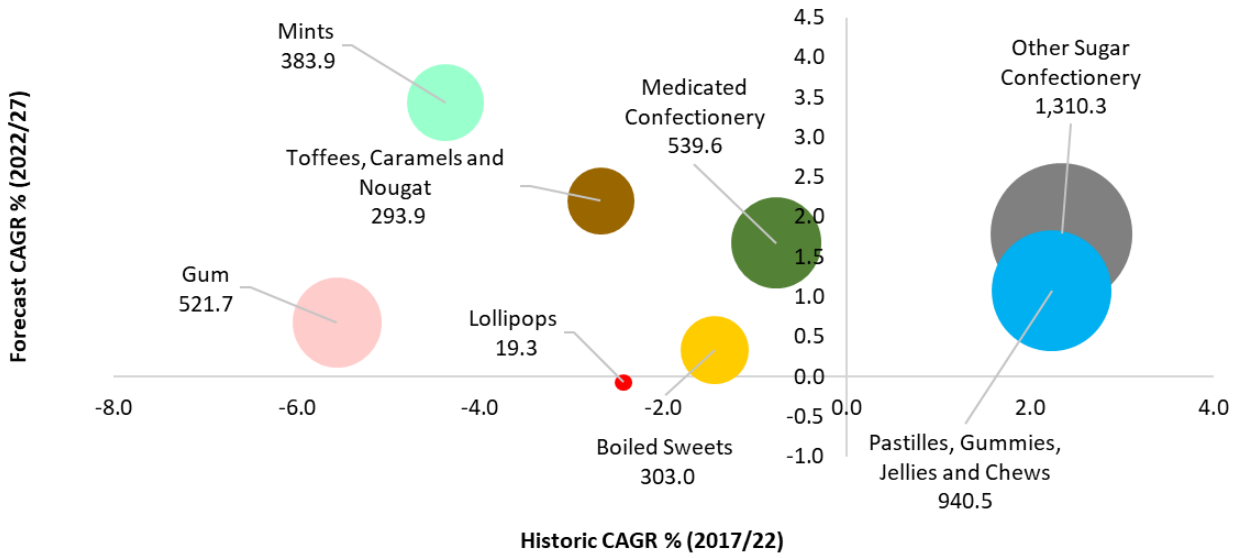
5.10.2 Consumption

Evolution of consumption

In 2022 the total market size of the sugar confectionery market in Japan was EUR 4.3 billion. As depicted in Figure 5-45 the biggest market in 2022 was the one for other sugar confectionery with a value of more than EUR 1.31 billion. It was followed by pastilles, gummies, jellies and chews with a market size of over EUR 940 million. Medicated confectionery had a market size of around EUR 540 million; gum had a market size of close to EUR 522 million, and mints one of approximately EUR 384 million. Boiled sweets had a market size of about EUR 303 million, followed by toffees, caramels, and nougat with close to EUR 294 million and lollipops with approximately EUR 19 million.

The historical 2017-2022 growth rates are mainly lower than the forecasted ones for most product types. Between 2017 and 2022 only the two largest categories by a value other sugar confectionery, and pastilles, gummies, jellies and chews had a positive CAGR, whereas the other categories shrank. However, between 2022 and 2027 all categories besides lollipops are forecasted to grow. Other sugar confectioneries, and pastilles, gummies, jellies and chews, however, are forecast to grow at lower rates than in previous years. Mints are forecast to increase at the highest rate with a CAGR of 3.4%.

Figure 5-45: Evolution and forecast of the sugar confectionery market in Japan, 2017-2027; total retail value (EUR million)



Source: Euromonitor International: Packaged Food, 2022.

Consumer profile and purchase criteria

Consumers

Overall, consumers of sugar confectionery come from all parts of society as everyone enjoys a sweet treat now and then, no matter the status or age. That said, most consumers are likely to have a lower income when compared e.g. to consumers of chocolate.

Certain types of sugar confectionery are more likely to be consumed by children such as jellies, toffees, boiled sweets, and fruit roll-ups; whereas mints, and gums are mostly consumed by young adults.

Healthy consumers pay attention to the ingredients of products and opt for healthier sugar confectionery options such as sugar-free mints. Environmentally conscious consumers pay attention not only to ingredients and their sourcing but also to the packaging. They prefer products in recycled paper packaging rather than products wrapped in plastic.

Drivers and method of consumption

Japanese like to snack. They enjoy the Japanese sweets called "*wagashi*", as well as sweets from the western world, which are called "*yogashi*". Sugar confectionery is a staple in the Japanese confectionery market together with other traditional sweets, snack foods and biscuits.

Overall, consumers purchase sugar confectionery such as hard-type or larger gummies to help stress relief or to improve concentration while they work. Prior to the COVID-19 pandemic, sugar confectionery such as boiled sweets and mints were popular on the go or in the office snacks; and this method of consumption will likely return again once the effects of the pandemic reverse.

Many employees choose to take power mints to prevent bad breath at work, after having meals or smoking. Boiled sweets on the other hand are the preferred choice of consumers in the office when they aim to stay alert and avoid getting tired. Sugar confectionery is forecast to recover slightly as consumers are starting to go back to the office more regularly. However, the demand is unlikely to go back to 2019 levels because consumers are often still allowed to work partly from home due to new hybrid working policies set up in many companies. In addition, consumers are used to wearing a mask on their way to work and are likely to continue to do so. This hinders the complete recovery of on-the-go confectionery, as they are less likely to consume confectionery while going to work.[188]

Hand-crafted traditional Japanese sugar confectionery is often seasonal and only sold throughout certain times of the year. Nonetheless, consumers can usually also find their favourite seasonal products in stores and sweet shops all year round when they know where to look for them.

Purchase criteria

The main purchase criteria for Japanese consumers of sugar confectionery are the following:

- **Price:** As is often the case, the price of sugar confectionery is an important purchase criterion. Overall, lower-income consumers tend to pay more attention to the price than higher-income consumers, which is why they are more likely to purchase sugar confectionery than higher priced chocolate. At present, more and more consumers are shifting toward low-priced products such as sugar confectionery for everyday snacking occasions due to inflation. Sugar confectionery in supermarkets tends to be cheap.
- **Type:** The type of product also plays a role in the decision process of Japanese consumers. When it comes to sugar confectionery pastilles, gummies, jellies and chews are the most popular choice; followed by medicated confectionery; and boiled sweets, toffees, caramels and nougat.
- **Flavour:** As important as the type is probably the flavour. When it comes to sugar confectionery, ingredients that make a product feel healthier are popular such as real fruit. Some Japanese sugar confectionery has flavour profiles that are different from the western standards to cater to the local taste of consumers such as matcha flavoured KitKat.[189]
- **Healthy ingredients:** Accelerated by the COVID-19 pandemic, consumers' concerns about their general health and weight have increased. Sugar confectionery consumption and preferences are driven by changing diets. Currently, the health trend is on the rise, making consumers more aware of bad ingredients in sugar confectionery. Health-conscious consumers tend to prefer to purchase products such as sugar-reduced or sugar-free sugar confectionery, or products with added value such as added vitamins. Sugar confectionery products such as gummies are seen to be a healthier choice compared to other snacks, and thus a popular choice.
- **Packaging:** Packaging can be important for consumers depending on how they plan to indulge their purchase. Due to home seclusion, bigger packs or multi-packs are a popular choice. Another popular choice in particular for sugar confectionery are pouches with zip logs as they keep the product fresh for longer. This packaging type suits on-the-go

[188] Euromonitor International, Passport (2022). Sugar confectionery in Japan.

[189] Ultimate Guide to Japanese Sweets (2021), https://japanswitch.com/ultimate-guide-to-japanese-sweets/

consumption as well as home consumption. Sometimes consumers are tempted to choose a specific product due to its interesting packaging such as limited edition packs. Typical Japanese sugar confectionery is often wrapped in bold and bright packaging that sometimes features anime characters or other charming illustrations.

Recent market trends

The following recent market trends for sugar confectionery stand out:

- **Healthy and value-added products:** As mentioned before, the health trend is steering developments in the sugar confectionery market in Japan. As consumers are putting more effort into staying fit and healthy, the industry is developing products that are perceived to be a healthy or at least a healthier choice by consumers. Examples include sugar-free or low in sugar confectionery as well as value-added confectionery with vitamins. The health trend is driving sales of pastilles, gummies, jellies and chews as they are usually viewed as being less unhealthy than other sugar confectionery options. Gummies for example are not fried and tend to contain less salt than other products, which is why their popularity is on the rise. One example is Kanro's Pure Gummy brand which is a product that contains vitamin C and collagen. There are many other confectionery products with functional benefits, for health, diet, and beauty that have entered the market.
- **Flavour and packaging innovation:** Flavour innovations are important because Japanese consumers want to explore and be surprised. In particular younger consumers tend to get bored easier and like to try new products. New confectionery products are launched in Japan every week. The popular ones usually stay whereas the unpopular ones are taken off the market. Developments in the sugar confectionery market often concern the flavour profile of products, however, they also focus on new textures and shapes. With the start of the COVID-19 pandemic producers of sugar confectionery such as mints and gummies adapted their products to the changing lifestyle of consumers. For example, they came up with products that can be consumed while wearing a mask. Asahi launched a mint product called Mintia Plus Mask, which has a milder flavour than other mints to prevent eyes from getting irritated. New products like this are likely to continue to enter the market as consumers continue to wear masks. To be able to compete with other snacks, producers also focus on the design of their packaging. Manufacturers for example launched limited-edition packaging in collaboration with celebrities or utilising popular anime characters. New packaging styles are forecast to continue to be of importance because of the restlessness of Japanese consumers who tend to get bored fast. As Japanese consumers' environmental consciousness increases, they pay more attention to the sustainability of the packaging of sugar confectionery, which is why an increasing number of manufacturers introduce more sustainable packaging for their products. Lollipops, medicated confectionery and boiled sweets often usually were wrapped individually in flexible plastic packaging, whereas the trend now is to use pouches with zip locks instead. Zip lock pouches are also increasingly being used for bigger sized mints packs, as they can hold more than the traditional rectangular plastic boxes.
- **Importance of social media:** Social media presence is important in particular to target younger consumers. The older generation, however, tends to be not as active and not as used to marketing on social media as their younger counterparts. COVID-19 enhanced the time the Japanese spend on social media which increased opportunities for marketing on these channels. Kanro's boiled sweet called Gumizel for example was launched in

2012 but became popular recently because it became viral on TikTok. ASMR (autonomous sensory meridian response) videos using Gumizel to create relaxing sounds had close to 47 million views in 2022.

5.10.3 Offer

Domestic production

Japan produces sugar from sugar beets and sugar cane. Cane sugar is mainly produced in Okinawa and Kagoshima, whereas beet sugar is produced in Hokkaido. The sugar produced in Japan meets only about 1/4th of the demand in the country, which is why large amounts of sugar need to be imported.[190] In 2019 the country produced close to 800 000 metric tons of sugar, part of which is used in the domestic sugar confectionery production.

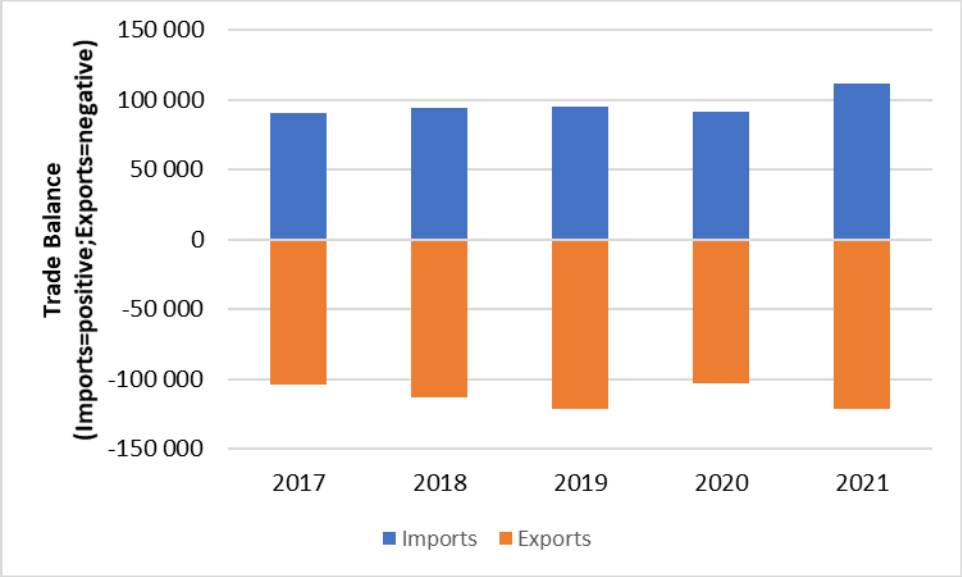
Currently, Morinaga is the leader in the sugar confectionery sector by far due to its Jelly, and Hi-Chew brands. However, Asahi with its Mintia brand, as well as Kanro with its Kanro and Pure Gummy brands are important leaders in the sector as well.

Imports and exports

In 2021, Japan was a marginal net exporter of sugar confectionery. It exported a value of approximately EUR 122 million, whereas it imported about EUR 112 million, meaning Japan exported about 8% more than it imported in 2021. Since 2017 the country's imports increased every year besides a slight decrease in 2020. Overall sugar confectionery imports increased by EUR 21m between 2017 and 2021. During the same period, Japan's exports increased by about EUR 18 million.

[190] The Japanese sugar market, https://www.fao.org/3/x0513e/x0513e11.htm

Figure 5-46: Trade balance (imports and exports) of sugar confectionery in Japan, 2017-21; EUR 000

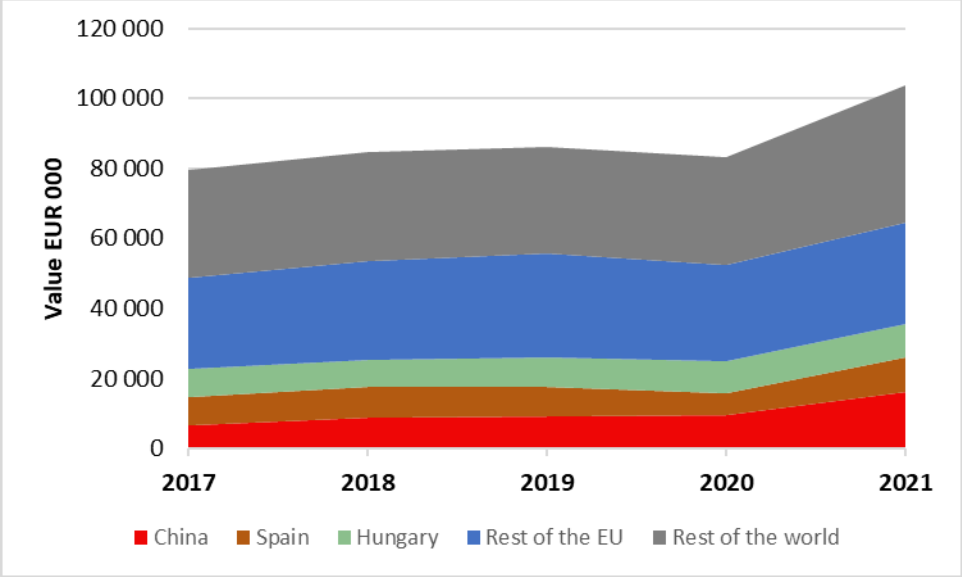


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1704.

The sugar confectionery import market is fairly fragmented. The main exporter of sugar confectionery to Japan in 2021 was China, which accounted for about 14% of the total value of the import market or just over EUR 16 million; followed by Spain with a value of about EUR 9.8 million and Hungary with around EUR 9.4 million. In total, five out of the top ten exporters of sugar confectionery to Japan are from the EU. This list includes Germany, Belgium, Netherlands in addition to Spain and Hungary. All EU exporters together account for about 43% of imports by value.

Figure 5-47: Japanese imports of sugar confectionery by country, 2017-21; EUR 000

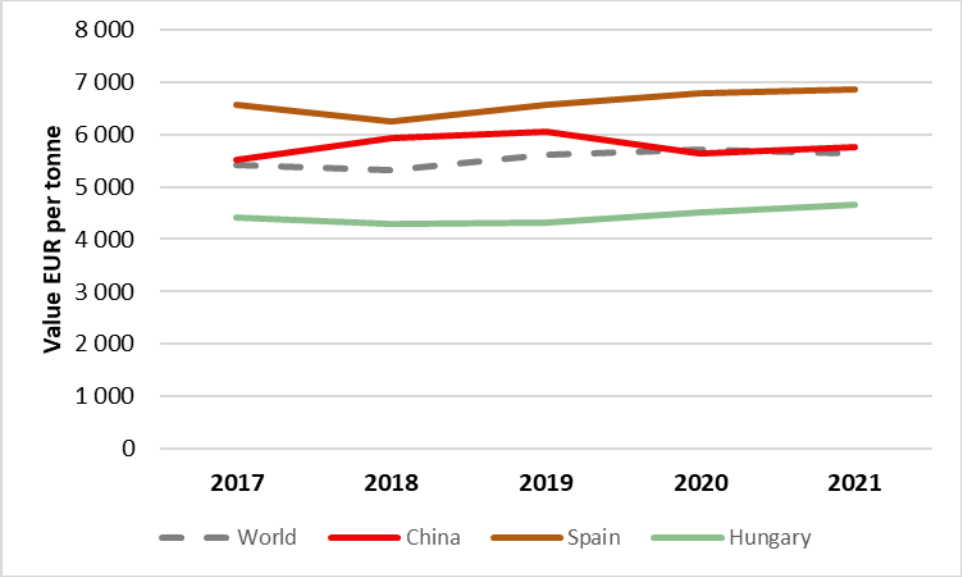


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1704.

The world's unit value for sugar confectionery in 2021 was around EUR 5 600 per tonne. Between 2017 and 2021 it was relatively stable and changed only slightly from year to year. Spain had a unit value of close to EUR 6 700 per tonne in 2021, which is above the world's average, whereas the unit value of exports from Hungary was below EUR 4 700, which is below the world's average unit value of sugar confectionery exports to Japan. The unit value of the main exporter China was above the world's average, but below that of Spain at over EUR 5 600 in 2021.

Figure 5-48: Per unit value of Japanese imports of sugar confectionery for selected countries, 2017-21 (EUR per tonne)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1704.

EU GI products

According to the Economic Partnership Agreement (EPA) between the EU and Japan, some of EU GI products are recognised and protected on the Japanese market. The list includes also some sugar confectionery products:

- Λουκούμι Γεροσκήπου -Transliteration into Latin alphabet: Loukoumi Geroskipou (Cyprus)
- Jijona (Spain)
- Turrón de Alicante (Spain)

Main competitors

Even though ingredients for sugar confectionery such as sugar are party imported, domestic companies are the market leaders and thus large competitors for products from the EU. Moringa heads the sugar confectionery market followed by Asahi, and Kanro.

When it comes to imports, the EU is an important source of sugar confectionery in Japan. However, it still has to compete with other countries including China and Turkey in the sugar confectionery market.

5.10.4 Specific market entry requirements

Market access and customs procedures

Sugar confectionery products are not a subject to a particular market entry procedure, but import is a subject to a number of general regulations and entry procedures such as the Food Sanitation Act. There might be some issues surrounding food additives.

Tariffs for sugar confectionery products are generally 13.6% vs MFN 25%. Tariffs for chewing gum are at 13.1% and liquorice extract 0%.

A list of standard documents as well as the overview of the procedure is presented in section 4.2.1.

The following additional documents are needed to export sugar confectionery products from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

In addition to this, in some specific cases a certificate of dioxin content

and/or permit to import sugar may also be required.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – sugar confectionery category (1704) from Germany to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=1704&origin=DE&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

The section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as country of manufacture.

5.10.5 Distribution

Figure 5-49 shows the distribution channel overview of sugar confectionery in Japan. As is the case for chocolate confectionery, most channels used are store-based (96.2%) and about 3.8%

of the retail value in 2021 came from non-store-based internet retailing. Even though the rate is still quite low, e-commerce is gaining popularity its importance is expected to grow further in the coming years. With 76.5% grocery retailers are the most popular channels for sugar confectionery followed by non-grocery retailers. Supermarkets were the main grocery channel and accounted for 39.2% of the retail value in 2021 followed by convenience retail with 23.8%. General merchandise stores were the most popular non-grocery retailers with 12%. The retail value of grocery channels has been increasing since 2016, whereas it has been decreasing for non-grocery retailers.

Figure 5-49: Distribution channel overview of sugar confectionery in Japan (2021); retail value



Source: Euromonitor International: Packaged Food, 2022.

5.10.6 Challenges for EU products

Overall, the Japanese market for sugar confectionery products offers good opportunities for the EU, partly because of the good trade relations over the years between the two parties and the Japan-EU EPA. The EU accounts for more than 40% of the sugar confectionery export market value in Japan.

The dominance of domestic manufacturers in the sugar confectionery market is one of the biggest challenges for EU producers. In addition, competition from other non-EU countries such as China is challenging as well.

The increasing health consciousness of consumers is an issue to be aware of for the sugar confectionery market. However, with the introduction of healthier options, this should not be an insurmountable problem. One point that is a challenge in particular for lower-income consumers is inflation. Prices for sugar confectionery are increasing and thus lower-income consumers have less access to higher quality more expensive products from the EU.

It is challenging to find the right niche for a product in the Japanese market, however, it is possible when keeping up with the trends, likes and dislikes of Japanese consumers.

Market Takeaway: Sugar confectionery

Consumption: *The market size of the sugar confectionery market was around EUR 4.3 billion in 2022. The market is forecast to grow at higher rates than historically.*

Competition: *The main overseas competition comes from China and Turkey. Large domestic companies are leading the market such as Moringa, Asahi, and Kanro.*

Distribution: *Mainly through store-based retailers such as supermarkets, hypermarkets and convenience stores. The importance of the e-commerce sector continues to grow.*

Challenges*: To compete with big domestic companies and other popular non-EU exporters. The rising health consciousness of consumers. Current inflation rates and thus higher prices for confectionery.*

Opportunities: *Gum and lollipops for sugar confectionery. Healthy and value-added products e.g. sugar-reduced, medicated, and products with additional vitamins. New flavours and packaging innovations & sustainable packaging.*

5.11 Processed meat

5.11.1 SWOT analysis

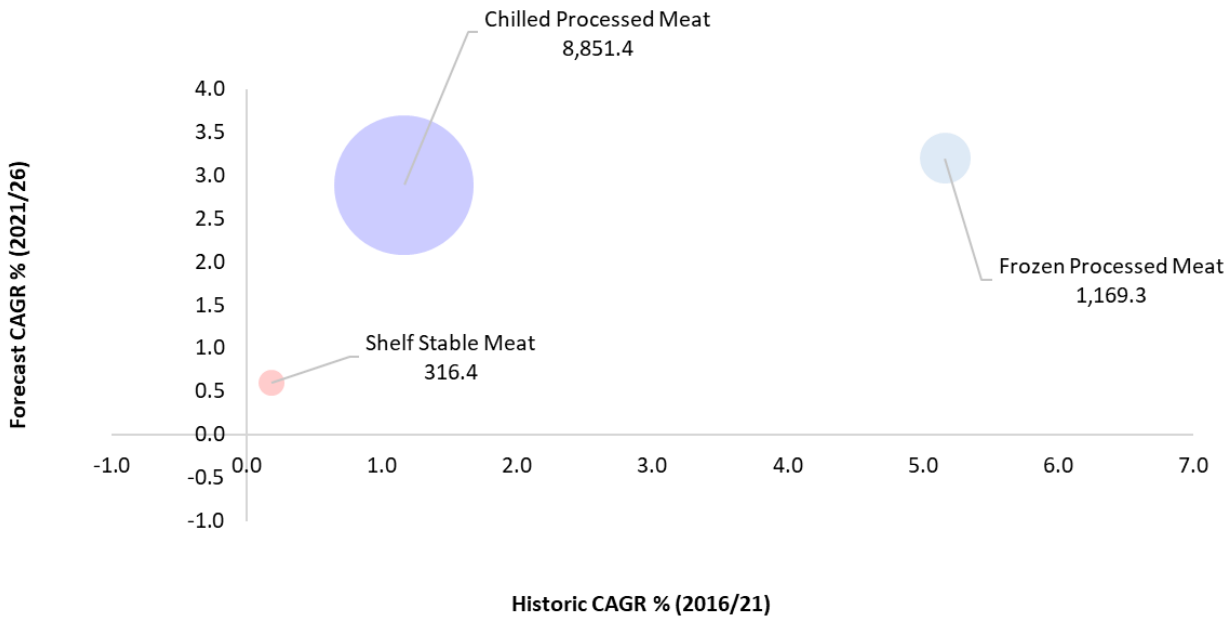
STRENGTHS (+)	WEAKNESSES (-)
▪ Japan is a very strong net importer of processed meat, with exports being nearly neglectable. ▪ Consumption is strong and the market is forecast to continue to grow in the coming years. ▪ Fragmented market, no strong market leaders.	▪ The EU only accounts for about 5% of imports by value. ▪ There is limited awareness of speciality EU products.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Processed meat substitutes remain a niche category but continue to offer considerable potential for further development in the coming years. ▪ Convenient food such as frozen products as lives become busier again. ▪ Healthy food e.g. preparations rich in protein.	▪ Thailand, China and the United States are the main competing countries in this market. ▪ Even though the market is highly fragmented many producers offer a variety of diverse products.

5.11.2 Consumption

Evolution of consumption

The processed meat market had a value of about EUR 10.34 billion in 2021. Chilled processed meat dominates the category with sales of EUR 8.85 billion and is expected to grow at a CAGR of 2.9% between 2021 and 2026. This is followed by frozen processed meat, which has a retail value of EUR 1.17 billion and is forecast to grow by a CAGR of 3.2% between 2021 and 2026. Shelf-stable meat is the smallest overall category with a retail value of EUR 316m and a predicted CAGR of 0.6% between 2021 and 2026 as shown below in Figure 5-50. All three categories grew over the period 2016 to 2021, though frozen processed meat also had the highest historic growth rate.

Figure 5-50: Evolution and forecast of the processed meat market in Japan, 2016-2026; retail value (EUR million)



Source: Euromonitor International: Packaged Food, 2022.

Consumer profile and purchase criteria

Consumers

Processed meat has a broad consumer base. Consumers from all genders, income types, social statuses and age groups consume processed meat. Processed meat is mainly consumed at home and not in on-trade, providing further tailwinds as consumers are likely to spend more time at home going forwards. Processed meat is categorised into shelf stable processed meat, chilled processed meat and frozen processed meat. Generally, consumers prefer processed meat products made with pork, and sometimes with beef. Processed lamb products are not very popular in Japan. Products include for example sausages, bacon, ham, salami and sliced luncheon meats. When it comes to processed poultry products, mainly fried chicken and processed cutlets are consumed in Japan. Busy Japanese consumers like the convenience of processed meat products as they are either ready to eat or require only a short preparation time.

Drivers and method of consumption

The internationalisation of the Japanese diet as well as increasing emphasis on convenience are the major factors which have influenced processed meat consumption habits in the country.

People spend more time at home which drives the consumption of processed meat because it is commonly consumed at home. Even though offices and schools opened up again after COVID-19 related lockdowns, Japanese employees continue to partly work from home, a lifestyle change from which the processed meat market continues to profit from. Processed meat is commonly used for cooking at home. As such is for example incorporates sausages into a meal or is sued to make burgers. Furthermore, it is used for snacking. It also is common practice to make traditional Japanese lunch boxes – bento boxes, to take to work or to give to children for their

school day. These boxes are likely to include some sort of food with processed meat such as a sandwich or snack.

Even though processed meat is not commonly seen in on-trade establishments, the food service channel does play an important role in some cases. High-end hams, such as Spanish jamon serrano, Italian prosciutto and some German hams have proven to be popular in the food service area as they make a good accompaniment to alcoholic drinks. Indeed, such hams are generally either consumed as a compliment to alcohol or as an accompaniment to salads.

Japanese consumers are very health conscious, which negatively affects some categories as well. Consumers tend to choose preparations rich in protein, rather than carbohydrates. Many of these consumers tend to switch or at least try processed meat alternatives instead. This drives demand for such products.

Moreover, processed meat is part of the Japanese gifting culture. Processed meat products account for about 20% of the year-end gift market in Japan.[191]

Purchase criteria

Processed meat products are increasingly chosen based on their price-quality ratio, which due to recent economic developments has become an additional important factor. While the country of origin of processed meat may play a role in the consumer's decision in the case of hams, it is not likely to play a significant role in the case of e.g. frozen sausages. Taste is important to consumers as well and each has their own preferences. The most popular type of processed meat is chilled processed meat, followed by frozen processed meat. Shelf-stable meat is the least popular processed meat type. In general, consumers prefer red meat (mainly pork) over poultry. What type of meat is bought also depends on the occasion. Certain products are better suited for cooking whereas other products can be eaten right away, so intended method of consumption is also a criterion taken into account. Health is important to many consumers, which is why health-conscious consumers opt for healthier meat options such as processed meat rich in proteins, or they purchase alternatives to processed meat.

Recent market trends

One trend in particular stands out in the processed meat market. Even though processed meat alternatives remain a niche, the product category is rapidly growing and thus provides a number of opportunities for manufacturers. One driver of this section is the increasing health consciousness of consumers. As processed meat is viewed to be not the healthiest choice, some consumers are switching to processed meat alternatives instead. These products moreover also have the benefit of usually being more sustainable and less cruel towards animals; factors which some consumers find important. Large manufacturers in Japan for example came up with products such as hybrid meatballs, which partly use meat and partly soy, and soy-based jerky snacks. The foodservice industry is catching on to this trend as well and some restaurants offer meat substitutes. To stand out manufacturers increasingly invest money in ESG initiatives to please consumers' demands for sustainability e.g. in the food chain. Another trend is convenience. As consumers are going back to the office and do not want to cook as much by

[191] The processed meat sector in Japan, https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/2020%20The%20processed%20meat%20sector%20in%20Japan_0.pdf

themselves anymore, convenient food is trending. Frozen processed meat is benefiting from this trend as has a long shelf life and can be easily prepared.

5.11.3 Offer

Domestic production

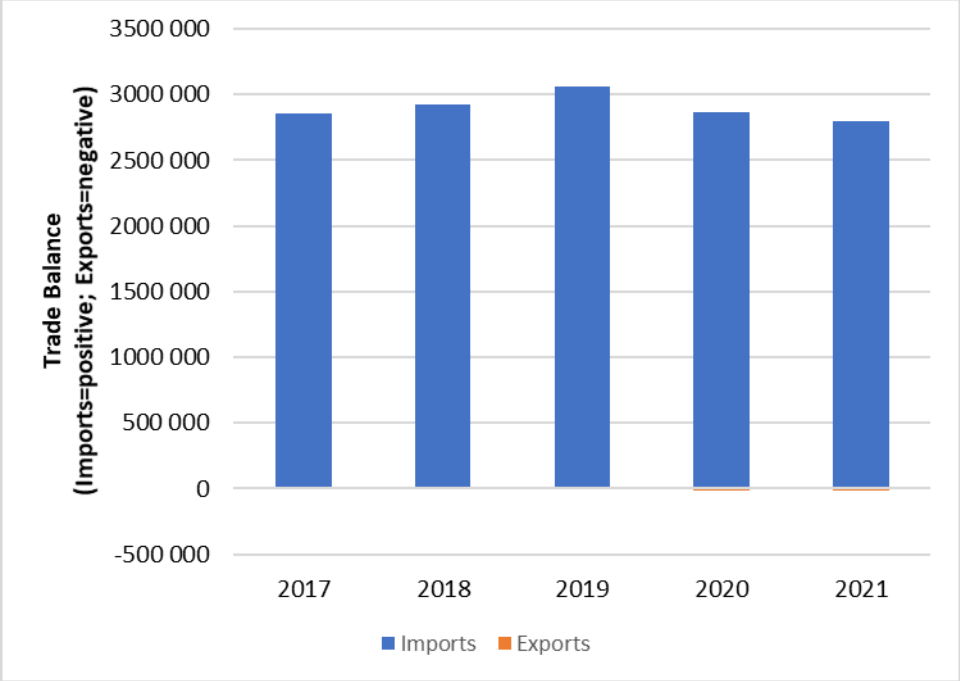
Due to the important influences of Buddhism in Japan, it was not common to eat meat during most of the country's history. This means that there was no culture of processing meat in Japan. This changed when the country opened up to the world. The production of processed meat in Japan started in the 1870s.

The processed meat, seafood and alternatives market in Japan is highly fragmented, with no company standing out as a clear market leader. However, the first two leading companies, with under a 3% market share by value are NH Foods Ltd and Itoham Foods Inc. The third one is Prima Meat Packers with a market share of just below 2%.

Imports and exports

Figure 5-51 shows that Japan is nearly an absolute importer of processed meats, with exports being very small. In 2021 the country imported processed meat with a value of close to EUR 2.8 billion and exported about EUR 13.9 million. Between 2017 and 2019 imports have been increasing, however, they have been decreasing in 2020 and 2021.

Figure 5-51 Trade balance (imports and exports) of processed meat in Japan, 2017-21; value (EUR 000)

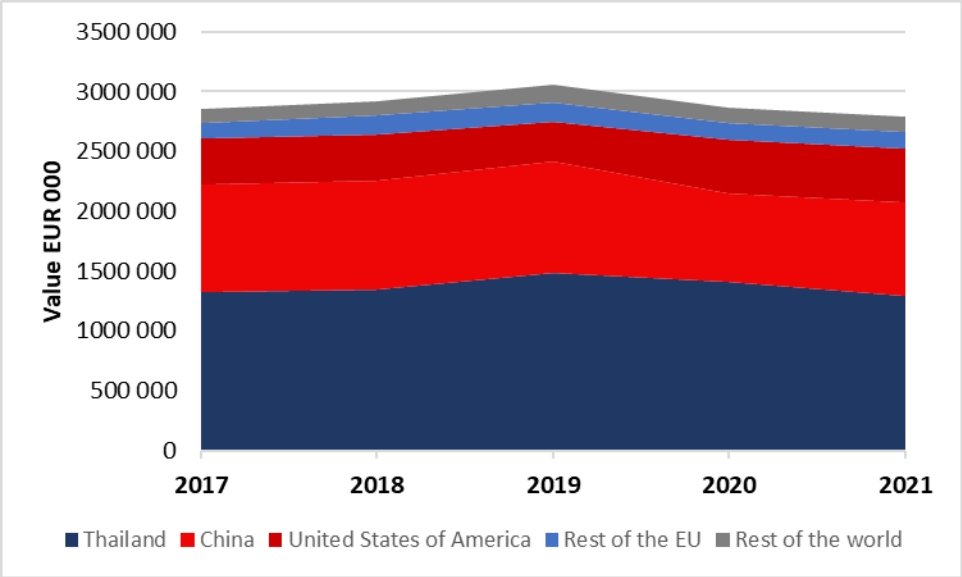


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN codes 0201, 1601, 1602.

Figure 5-52 shows that Thailand is the main importer of processed meat to Japan. The country imported a value of close to EUR 1.3 billion to Japan. The second largest importer in 2021 was China which imported products with a value of about EUR 778, followed by the United States with around EUR 457 million. The EU in total accounted for about EUR 149 million in 2021, which is about 5% of total processed meat imports by value.

Figure 5-52 Japanese imports of processed meat by country, 2016-2020; value (EUR 000)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN codes 0201, 1601, 1602.

EU GI products

The EU-Japan Economic Partnership brings recognition and protection of EU GI products on the Japanese market. Among them, there are following processed meat products:

- Tiroler Speck (Austria)
- Jambon d'Ardenne (Belgium)
- Baranjski kulen (Croatia)
- Dalmatinski pršut (Croatia)
- Drniški pršut (Croatia)
- Međimursko meso `z tiblice (Croatia)
- Canard à foie gras du Sud-Ouest (Chalosse, Gascogne, Gers, Landes, Périgord, Quercy) (France)
- Jambon de Bayonne (France)
- Nürnberger Bratwürste / Nürnberger Rostbratwürste (Germany)
- Szegedi szalámi / Szegedi téliszalámi (Hungary)
- Bresaola della Valtellina (Italy)
- Mortadella Bologna (Italy)
- Prosciutto di Parma (Italy)
- Prosciutto di San Daniele (Italy)

- Prosciutto Toscano (Italy)
- Culatello di Zibello (Italy)
- Prosciutto di Modena (Italy)
- Salamini italiani alla cacciatora (Italy)
- Speck Alto Adige / Südtiroler Markenspeck / Südtiroler Speck (Italy)
- Salam de Sibiu (Romania)
- Kranjska klobasa (Slovenia)
- Guijuelo (Spain)
- Jabugo (Spain)
- Jamón de Teruel / Paleta de Teruel (Spain)
- Jamón de Trevélez (Spain)
- Los Pedroches (Spain)

Main competitors

The domestic market tends to be fragmented, with no leading company. However, there are companies specialised in a specific type of processed meat product as well as companies offering a broad array of products.

Major competitors include importers from Thailand, China and the USA, which combined cover about 90% of all Japanese imports of processed meat.

5.11.4 Specific market entry requirements

Market access and customs procedures

In case of processed meat, there are certain market restrictions to consider, as is the case in fresh meat sector. These are described in section 4.2.1. The current possibility to export a specific meat product can also be checked with the embassy of your country in Japan.

Tariffs for 1601 are at 1.7% vs 10% for MFN. Tariffs for 1602 depend on the type of product and range between 0% and 34.4%, however are generally below the MFN rate. For 0210 tariffs are mostly between 0% or 2.2%, which is below the MFN rate.

A list of standard documents as well as the overview of procedures is presented in section 4.2.1. It should be noted though that importing processed meat products might require providing additional documentation. These documents are listed below.

Additional documents needed, depending on the animal product:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Veterinary health certificate for animal products
- Import quarantine certificate for animal products
- BSE certificate might be needed for beef products
- Certificate of dioxin content might be needed for poultry products

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link –other prepared or preserved meat, meat offal, blood or insects category (1602) from Spain to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=1602&origin=ES&destination=JP

SPS measures

As noted in section 4.3.4, there are SPS related challenges with various diseases such as:

- The non- recognition of EU' s regionalisation measures implemented due to African Swine Fever
- Restrictions related to outbreaks - Avian Influenza
- Member States applications on beef and ban due to Bovine Spongiform Encephalopathy (BSE)

It is recommended to consult this section for further details.

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

The section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as country of manufacture. It presents provisions of the labelling framework in Japan, pointing out the necessary requirements for processed foods, including processed meat products.

5.11.5 Distribution

As can be seen in Figure 5-53, modern grocery retailers account for the majority of sales of processed meat in Japan with a share of 53.0%. Within modern grocery retail outlets, the distributor with the largest percentage of sales are supermarkets which have a share of 46.7% of sales. Convenience stores have a share of 6.3%. Mixed retailers have a total share of 33.8% of sales. E-commerce sales continue to grow, aided by the need to stay at home during the COVID-19 pandemic and currently account for 2.2% of sales.

Figure 5-53: Distribution channel overview of processed meat, seafood and alternatives to meat in Japan (2021); retail value



Source: Euromonitor International: Packaged Food, 2022.

5.11.6 Challenges for EU products

As the market is highly fragmented there are many producers that sell many different products from this category. It may be challenging to compete with this variety. The increasing health consciousness of consumers might pose challenges as consumers demand healthy products and/or might switch to processed meat alternatives. In addition, there are challenges for certain products such as European hams, as there is limited awareness of the products and methods of consumption.

Market Takeaway: Processed meat

Consumption: *The value of the processed meat market in 2021 was about EUR 10.34 billion. The market has been growing and is forecast to continue to grow.*

Competition: *Companies specialised in a specific type of processed meat product as well as companies offering a broad array of products. Major competitors include importers from Thailand, China and USA.*

Distribution: *Mainly sold through supermarkets followed by mixed retailers. E-commerce has emerged as a new channel of distribution in recent years and currently has a share of 2.2%.*

Challenges*: Compete with many other manufacturers, the health consciousness of consumers can be challenging for certain products, and not all products from the EU are well-known yet.*

Opportunities: *Processed meat substitutes, convenient food such as frozen products, and healthy food e.g. preparations rich in protein.*

5.12 Baby food

5.12.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
▪ Fairly large market. ▪ The e-commerce market is well developed when it comes to baby food. E-commerce sales account for over 10% of the market's retail value.	▪ The largest market by value, which is the milk formula market has been decreasing historically and is forecast to continue to decrease. ▪ Continuous decrease in new born babies. ▪ As consumer spend more time at home than previously, they are more likely to prepare homemade baby food.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Products with good quality and healthy ingredients from brands that are trustworthy. ▪ Products that aid home preparation. ▪ Popularity of liquid standard milk is growing at a fast pace, yet it remains a niche.	▪ Japan is a very strong net exporter of baby food with very few imports. The EU is currently not exporting baby food to Japan. ▪ Domestic companies dominate the market. There are in particular Asahi Group Foods Ltd, Meiji Co Ltd, and Morinaga Milk Industry.

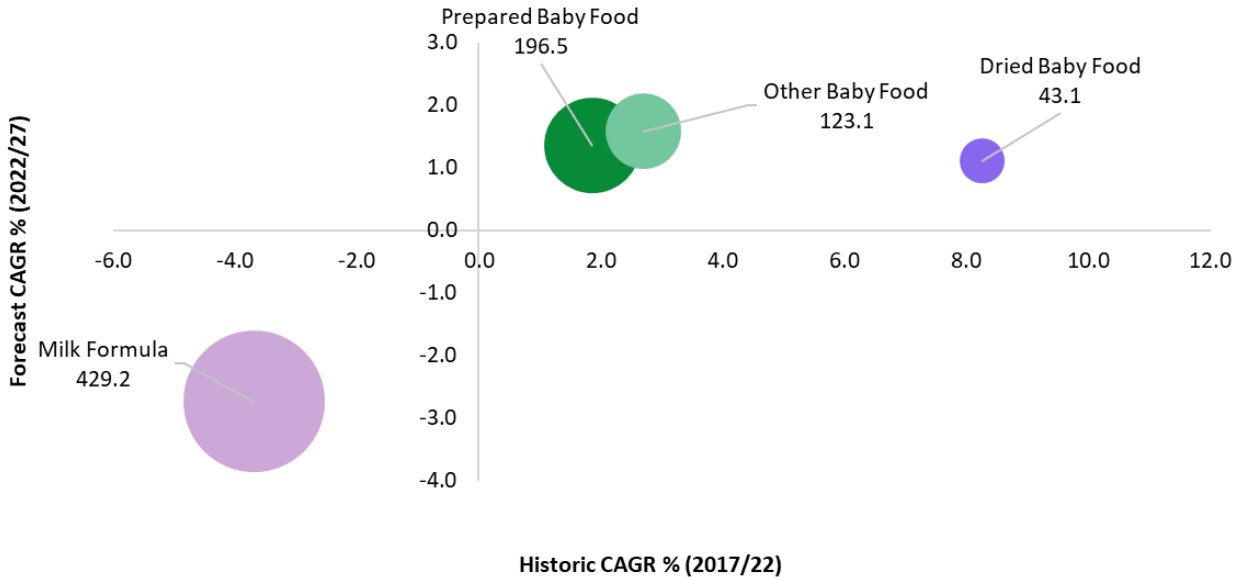
5.12.2 Consumption

Evolution of consumption

The total market size of the baby food market in Japan was close to EUR 792 million in 2022. Figure 5-54 below illustrates that milk formula had by far the biggest market size with around EUR 429 million in 2022. The prepared baby food market ranked second with close to EUR 197 million, followed by other baby food with a market size of approximately EUR 123 million. The dried baby food market is the smallest with a value of just over EUR 43 million.

Historically, between 2017 and 2022 all markets grew beside the one for milk formula, which decreased. The market for milk formula is forecast to further decrease until 2027 with a CAGR of about -2.7%. All other markets are forecast to continue to grow, but at lower rates than in previous years. The other baby food market has the highest forecast CAGR of 1.6% between 2022 and 2027.

Figure 5-54: Evolution and forecast of the market for baby food in Japan, 2017-2027 (EUR million)



Source: Euromonitor International: Processed food, 2022.

Consumer profile and purchase criteria

Consumers

Japan's fertility rate continues to decline and hit a record low with 1.37 births per woman in 2021. This means the market for baby food in Japan is declining. Breastfeeding is encouraged; however, it is common practice to supplement breast milk with formula if needed.[192] Around 95% of babies are breast fed at least part time and the majority of women breastfeed their babies until the age of two.[193] As the number of working mothers is increasing in Japan, more women need to at least partially rely on baby formula, if they are not able to breastfeed their babies during the workday. The situation is similar regarding prepared baby food. In general, preparing food at home is viewed to be the better and healthier choice for the bay, however, due to the fact that in many cases both parents work, they have less time available to prepare food by themselves and thus are more likely to purchase good quality prepared baby food compared to previous generations of parents.

[192] Here's What Breastfeeding Is Like In Asia, https://www.romper.com/p/what-is-breastfeeding-like-in-asia-you-may-be-surprised-64389

[193] When is the normal age to stop breastfeeding? Check out our tips for success!(2021), https://www.gymboglobal.jp/en-blog/209-1

Drivers and method of consumption

The Japanese word for baby food is *rinyuushoku*. While fluid products are consumed right from the start babies usually start to eat some solids at the age of five to six months old.

Milk formula sales have been negatively impacted by declining birth rates in Japan for many years. The current economic uncertainty due to events such as the COVID-19 pandemic also negatively influenced demand. During the COVID-19 pandemic, more women postponed their intended pregnancies because they feared becoming ill. Overall, fewer Japanese got married because the COVID-19 pandemic made it impossible to have large gatherings for the festivities, meaning that weddings were postponed as well. Moreover, due to economic difficulties it was not possible for everyone anymore to have big celebrations. These marriage delays also have had negative knock-on effects on the number of newborn babies in Japan and thus negatively affects the demand for baby food in the longer term.

As consumers spend more time at home ready-to-use baby food options are less demanded. If parents have enough time, they might prefer to make their own baby food at home as it is seen to be healthier than some options which can be bought. However, the busier the parents the more likely they are to purchase prepared baby food products. Dried baby food is driven by the demand for convenient products by busy parents. Overall, demand for convenient baby food products is driven by the fact that an increasing number of women in Japan are working and thus they have less time to prepare homemade baby food. Some time ago it was still seen to be important to prepare baby food at home but today women feel less and less guilty about buying baby food.

When it comes to milk formula in particular parents prefer to purchase products in larger containers and cans because they currently have more time to properly prepare the milk at home, plus it is usually cheaper to buy in bulk. Parents who prefer to save time usually opt for liquid standard milk because they do not have to prepare it. The milk formula demand also was impacted by the recent decline in tourists in Japan, which usually tend to purchase milk formula in the country as it is seen to be safer and of better quality than in some countries in the region.

Purchase criteria

As Japanese parents only want the best for their babies the quality of baby food plays a highly important role. Because of this, consumers tend to be loyal to brands that they know have good quality and offer safe baby food options. Many consumers in Japan trust products sold by Asahi Group Foods. Moreover, consumers prefer to purchase products that are viewed to be healthy such as products with natural ingredients and good nutritional values. Generally, the type of product also is an important purchase criterion because depending on the age of their baby or their baby's preferences consumers look for different things. As is the case elsewhere, consumers with very young babies are more likely to purchase milk formula, whereas consumers with older babies may prefer other baby food.

Recent market trends

In the last years the following trends have been in particular shaping the baby food market in Japan:

- **Products that aid home preparation:** As consumers spend more time at home, they have more time to prepare their baby food at home. Moreover, consumers prefer to not rely on too processed food for their babies as health and quality are important to them. As

a reaction to this trend, manufacturers have launched products that aid home preparation (in particular dried baby food) as well as recipes for homemade baby food using their products. One example of a recent launch is the Kokusan Sozai Flake from Asahi Group Foods. These vegetable flakes can be used to make a paste by adding water.

- **Liquid standard milk:** This area is the one in milk formula that is forecast to grow strongly, even though it so far remains a niche. Until recently the sale of such products was forbidden in Japan because of the absence of government safety standards. The first liquid milk formula was only introduced to the market in Japan in 2019.

5.12.3 Offer

Domestic production

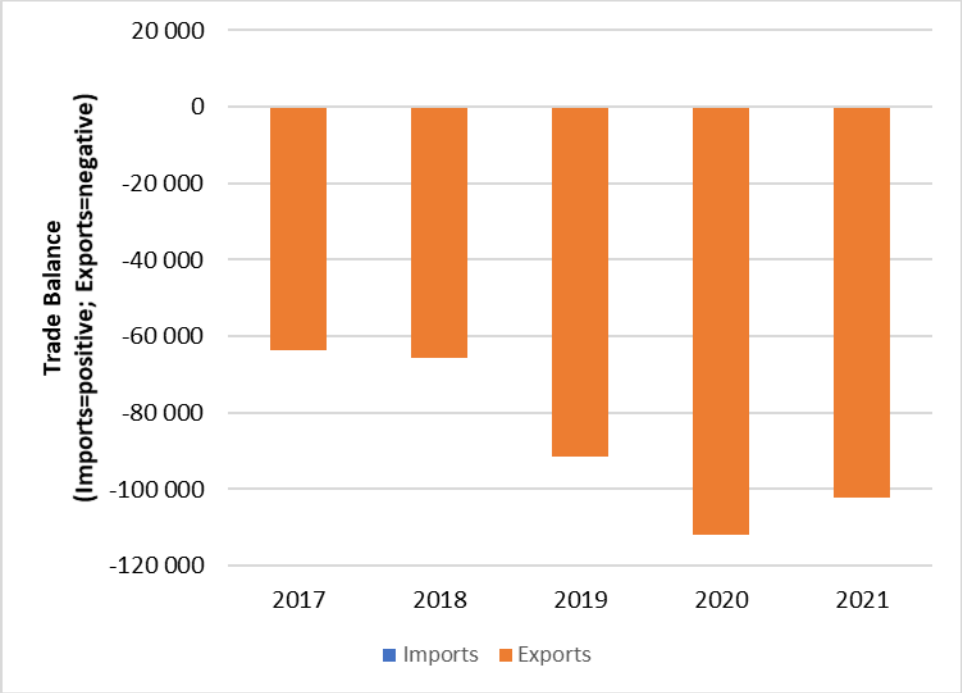
The baby food market is dominated by domestic Japanese companies. The Asahi Group Foods Ltd, which was previously known as Wakodo Co Ltd, leads the baby food market in Japan with brands such as Goo Goo Kitchen, and Wakodo. Meiji Co Ltd ranks second, with its most demanded brands being Hohoemi, and Step. Morinaga Milk Industry with its Hagukumi brand is the third largest company on the market.

Meiji Co Ltd is the leading company when it comes to milk formula in Japan specifically. The company's Hohoemi brand is the most popular milk formula brand on the market.

Imports and exports

Figure 5-55 shows that Japan exports much more baby food than it imports. In 2021 the country exported baby food with a value of EUR 102 million and imported about EUR 130 000. Between 2017 and 2020 the value of exports has been increasing, yet it slightly decreased in 2021. The main importer of baby food to Japan is the United States. In previous years Brazil and Turkey imported baby food as well, but of a very low value.

Figure 5-55: Trade balance (imports and exports) of baby food in Japan, 2017-21; value (EUR 000)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 190110

Main competitors

Competition is high as the EU is currently not exporting baby food to Japan. The main exporters of baby food to Japan are currently the United States, Brazil, and Turkey. Japan is a net exporter and the market is moreover dominated by domestic players such as Asahi Group Foods Ltd, Meiji Co Ltd, and Morinaga Milk Industry.

5.12.4 Specific market entry requirements

Market access and customs procedures

Baby products are not a subject to a particular market entry procedure, but import is a subject to a number of general regulations and entry procedures such as the Food Sanitation Act. In 2018 standards have been introduced for liquid infant formula under the Food Sanitation Act, which allow these types of products to be manufactured in Japan. Prior to this only the production of powdered infant formula was allowed. There might be some issues surrounding food additives.

Tariffs usually range between 10.5% to 23.8% +quantity. Tariffs are normally lower than the MFN.

A list of standard documents as well as the overview of the procedure is presented in section 4.2.1.

The following additional documents are needed to baby food products from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Veterinary health certificate for animal products
- Certificate of dioxin content
- Certificate of analysis

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link – Preparations suitable for infants or young children category (190110) from Germany to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=190110&origin=DE&destination=JP

Standards

New standards for liquid infant formula have been added under the Food Sanitation Act in 2018. Prior to this, liquid infant formula was forbidden to be sold in the country with only powdered infant formula being allowed.

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

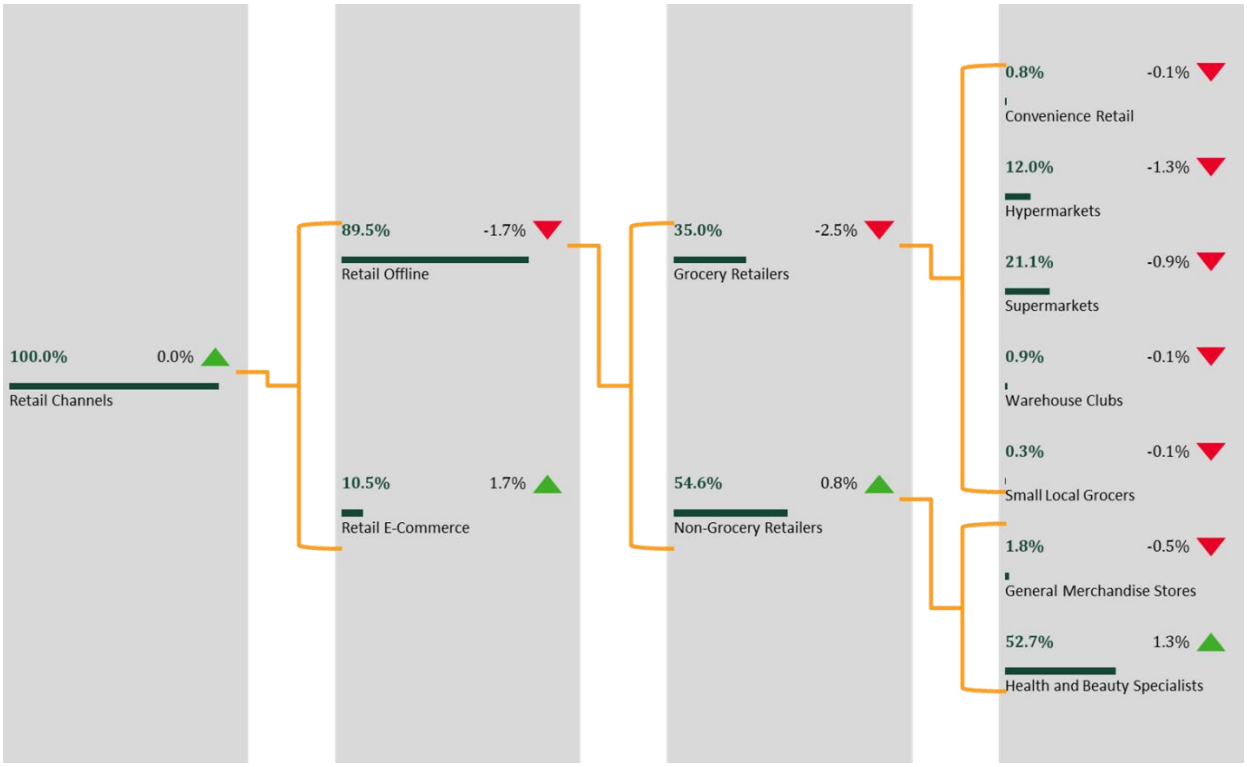
Labelling

The section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as country of manufacture.

5.12.5 Distribution

Figure 5-56 below shows that offline retailing is the largest distribution channel for baby food products with 89.5% of baby food being distributed via this channel. Non-grocery grocery retailers in particular health and beauty specialists remain the most important channel with 52.7%. Another important channel in 2021 were supermarkets, which accounted for 21.1% of the total retail value. During the last years, e-commerce retailing has been gaining a lot of popularity and in 2021 accounted for 10.5% of the retail value.

Figure 5-56: Distribution channel overview of baby food in Japan (2021); retail value



Source: Euromonitor International: Processed food, 2022.

5.12.6 Challenges for EU products

The biggest challenge for EU producers is to enter the market as domestic producers dominate and the EU is currently only exporting a negligible amount of baby food to Japan. Consumer brand loyalty is high as well, which might make it hard to introduce new products successfully to the market. Moreover, products from the EU may ultimately come with a higher price tag compared to products from certain countries outside of the EU.

Market Takeaway: Baby food

Consumption: *The Japanese baby food market had a size of about EUR 792 million in 2022 and is overall forecast to grow until 2027.*

Competition: *Competition is high as the EU is currently not exporting baby food to Japan. The main exporters of baby food to Japan are currently the United States, Brazil, and Turkey; but overall the market is dominated by domestic players.*

Distribution: *The main channels are health and beauty specialists and supermarkets. The popularity of e-commerce has been increasing a lot as well and now is becomes important as well.*

Challenges*: For the EU to start its exports to Japan overall as well as the strong domestic competition. Consumers are very loyal to established brands.*

Opportunities: *E-commerce is growing rapidly, products with good quality and healthy ingredients from brands that are trustworthy, products that aid home preparation, and liquid standard milk even though it remains a new niche.*

5.13 Biscuits / cereal bars

5.13.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
▪ The EU accounts for around 85% of imports by value, with Belgium, Italy and Austria being the largest exporters. ▪ Imports have been increasing between 2017 and 2021. ▪ Chocolate coated biscuits and filled biscuits are the largest categories that are forecast to grow at a higher rate than other categories.	▪ Japan is a net exporter of biscuits and cereal bars. ▪ The market for wafers is really small (but forecast to grow at the highest rate). The market for cookies is forecast to decline. ▪ The strong competition from domestic producers who are well in tune with the market.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Value for money in form of multipacks but also petit premium products to maximize indulgence. ▪ Healthy options such as protein bars, as well as products with new flavours and interesting packaging. ▪ E-commerce is growing as a channel and offers new distribution opportunities.	▪ The market is dominated by domestic producers, led by Ezaki Glico Co Ltd, Bourbon Corp, and Lotte Co Ltd. ▪ Asian countries are competitors when it comes to exports to Japan. ▪ Domestic producers are better suited to cater to Japanese consumer's needs and wants.

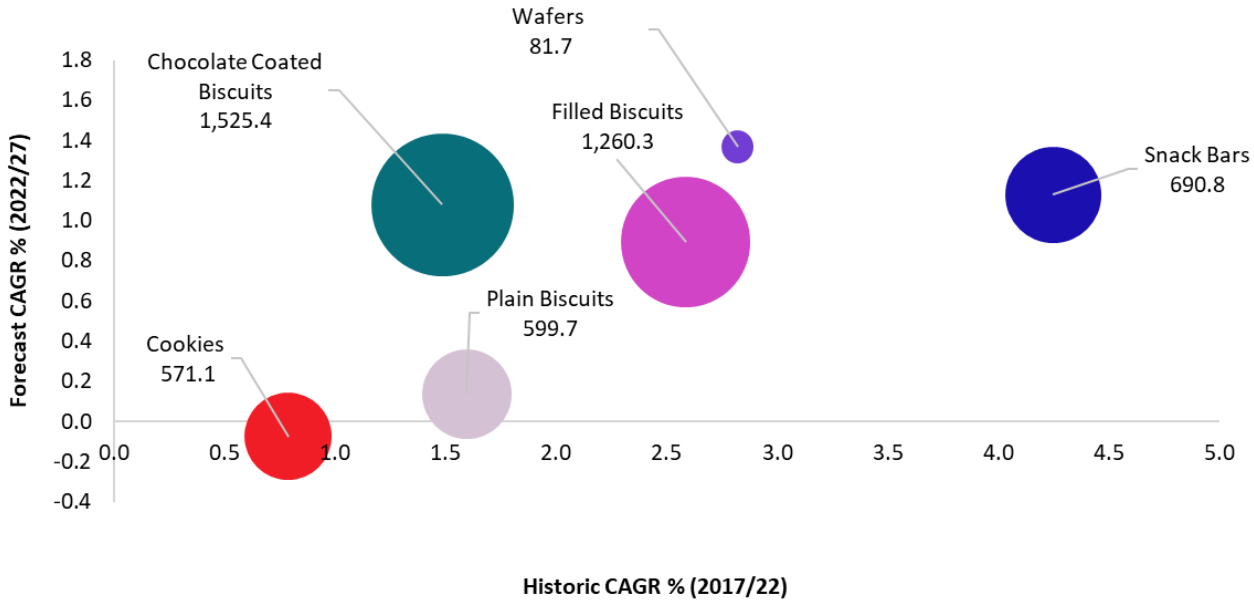
5.13.2 Consumption

Evolution of consumption

The market for biscuits and cereal bars had a total value of EUR 4.7 billion in 2022. As shown below chocolate coated biscuits are the largest biscuit and cereal bar product category in Japan by value, with a value of over EUR 1.5 billion. The second-largest biscuit and cereal bar product category is filled biscuits with a value of close to EUR 1.3 billion followed by snack bars with a value of EUR 691 million, plain biscuits with a value of nearly EUR 600 million, and cookies with a value of EUR 571 million. Wafers is by far the smallest category with a value of close to EUR 82 million.

Historically, between 2017 and 2022 the market for biscuits and cereal bars has been growing at a higher rate than it is forecast to grow in the coming years up to 2027. Nonetheless, overall, the market is forecast to continue growing. The largest category, of chocolate coated biscuits is expected to grow at a CAGR of 1.1% between 2022 and 2027 which will see it remain the largest biscuit and cereal bar product in the market. Only the wafers category is forecast to grow at a higher CAGR of 1.4% over the same time period. Snack bars are forecast to also grow at a CAGR of 1.1%.

Figure 5-57: Evolution and forecast of the market for biscuits and cereal bars in Japan, 2017-2027; total value (EUR million)



Source: Euromonitor International: Packaged Food, 2022.

Consumer profile and purchase criteria

Consumers

Biscuits are fairly universally consumed in Japan and thus are consumed by all age groups and social statuses. Consumption of snack bars is popular as well, partly because of the demand for healthier products. In particular young consumers that either go to work frequently or are at home but too busy to prepare food are likely to consume biscuits and cereal bars as they are an easy snack at home or on the go. Children tend to see biscuits and cereal bars as sweet treats they are allowed to have from time to time.

Drivers and method of consumption

The demand for light meal substitutes and snacking continues to drive the demand for biscuits and cereal bars in Japan. In particular busy consumers that do not have a lot of spare time see biscuits and cereal bars as an easy light meal or snack option during the day that does not require any time for preparation.

Demand during the COVID-19 pandemic increased because consumers wanted to fill their pantries with products that have a long shelf life and do not melt during the hot summer months. Biscuits and cereal bars are not only popular for home consumption but also popular on-the-go snacks. Therefore, Japanese consumers consume them wherever and whenever they feel like it.

Because of inflation, the demand for cheaper options has been increasing. Despite inflation, the demand for slightly higher priced products that are in particular bought for indulgence reasons and as a treat (petit premium products) has also been on the rise.[194]

The demands of health-conscious consumers drive the demand for healthy product options such as bars high in protein and other beneficial ingredients.

Purchase criteria

Due to inflation and economic uncertainty the price of biscuits and cereal bars has become one of the main purchase criteria for Japanese consumers. Lower-income consumers in particular are likely to choose products according to the price. Nonetheless, some consumers prefer a mixture between price and indulgence, which is why these consumers choose petit premium products - products which are slightly pricier than the average product but are also seen to offer better quality.

Overall, taste also plays an important role because consumers only purchase what they enjoy. Seasonal flavours and other innovations tend to be of interest to consumers. As they can become easily bored, they appreciate changing flavours. Interesting packaging is important to some consumers as well. Consumers increasingly choose multipacks as a way to save money. The most chosen type of biscuits and cereal bars are sweet biscuits such as chocolate coated biscuits, filled ones and plain ones, followed by snack bars such as protein and cereal bars.

Recent market trends

Various recent market trends stand out in the market for biscuits and cereal bars:

- **Petit premium products:** In the last years, due to events such as COVID-19 and the related uncertainty and economic pressure and other tensions around the world, most consumers decreased their spending and paid more attention to what they are purchasing. In spite of this, currently petit premium products are trending; on the one hand because their price is still reasonable and on the other hand because they give the consumer a feeling of treating themselves during complicated times. Manufacturers tend to more frequently use words such as “premium” or “rich” on their products to cater to the petit premium trend.
- **Multipacks:** Due to inflation and other reasons already mentioned, consumers pay more attention to what they spend their money on and try to save where possible. This is why the popularity of multipacks has been increasing as these usually come at a smaller price compared to single packs. Moreover, consumers tend to continue to at least partly work from home which further increases the demand for multipacks for home consumption. Large players in sweet biscuits continue to launch a variety of different multipacks such as seasonal flavours.
- **New flavours:** As Japanese consumers get easily bored and competition is strong companies continue to introduce new flavours to the market. Sweet biscuit manufacturers in particular introduce new seasonal flavours year-round. Successful ones remain on the market while others disappear after the season is over. Ezaki Glico for example recently

[194] Euromonitor International, Passport (2022): Sweet Biscuits, Snack Bars and Fruit Snacks in Japan.

launched a new Pocky's flavour in summer (salt vanilla) and also brought back one of the summer's favourites (coconut).

- **Packaging:** As is the case for the continuous introduction of new flavours, new packaging is also important to keep consumers interested. It is important to go with the trend. Younger consumers currently like the retro style which is why manufactures introduced retro-style packaging. Meiji for example launched a packing for some of their products that resembled the one they used in the 1900s. The older generations tend to feel nostalgic about this type of packaging whereas younger consumers think it is on trend. Consumers are also starting to be more interested in sustainable packaging; however, the humid weather conditions in part of the country can make the use sustainable packaging rather complicated.
- **Collaboration with anime (animated series or movies)/celebrities:** Another important trend currently seen is the collaboration with famous anime and celebrities to attract consumers. These collaborations can be in terms of introducing special flavours or targeted packaging designs. Mondelez Japan for example recently collaborated with Dragon Ball Super, which is a popular anime in Japan by introducing special multipacks for fans. The main characters of the show are printed on the packaging as well as inside it as a surprise.
- **Importance of health:** The overarching health trend is also visible in the biscuits and cereal bar category. Consumers' health consciousness continues to increase and thus is the demand for healthy biscuits and cereal bars with an added value. In particular protein and energy bars are popular amongst health-conscious consumers because of the popularity of a high protein diet. This diet has been popular for several years because protein is seen to be an integral part of fitness and health management.

5.13.3 Offer

Domestic production

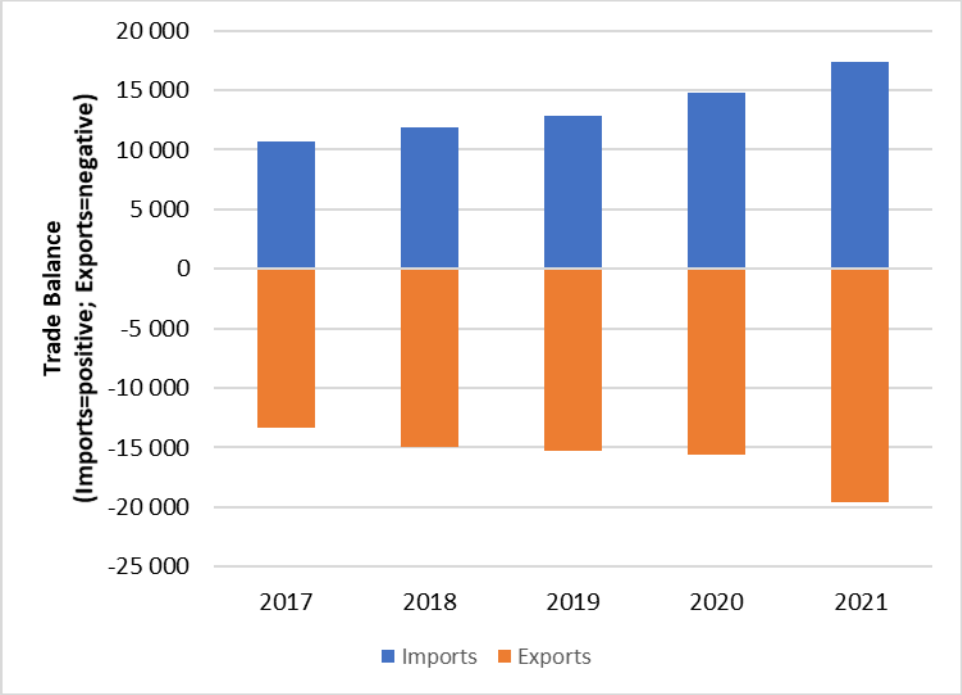
As Japan is a net exporter of biscuits and cereal bars, it is evident that domestic production is high. As the taste of Japanese consumers still is different from that of the western world, domestic Japanese companies dominate the market. Overall, the market remains very fragmented. The main companies in the Japanese biscuit and cereal bar market are Ezaki Glico Co Ltd with their Pocky brand, Bourbon Corp with their Alfort brand, and Lotte Co Ltd with brands such as Toppo and Pie No Mi.[195]

Imports and exports

Figure 5-58 below shows that Japan is a net exporter of biscuit and cereal bar products with the country exporting to a value of just under EUR 20 million in 2021 compared to importing to a value of over EUR 17 million. Imports have been increasing year on year between 2017 and 2021. In 2021, imports were valued at around EUR 7 million more than in 2017.

[195] Euromonitor International, Passport (2022): Sweet Biscuits, Snack Bars and Fruit Snacks in Japan.

Figure 5-58: Trade balance (imports and exports) of biscuits and cereal bars in Japan, 2017-2021; value (EUR 000)

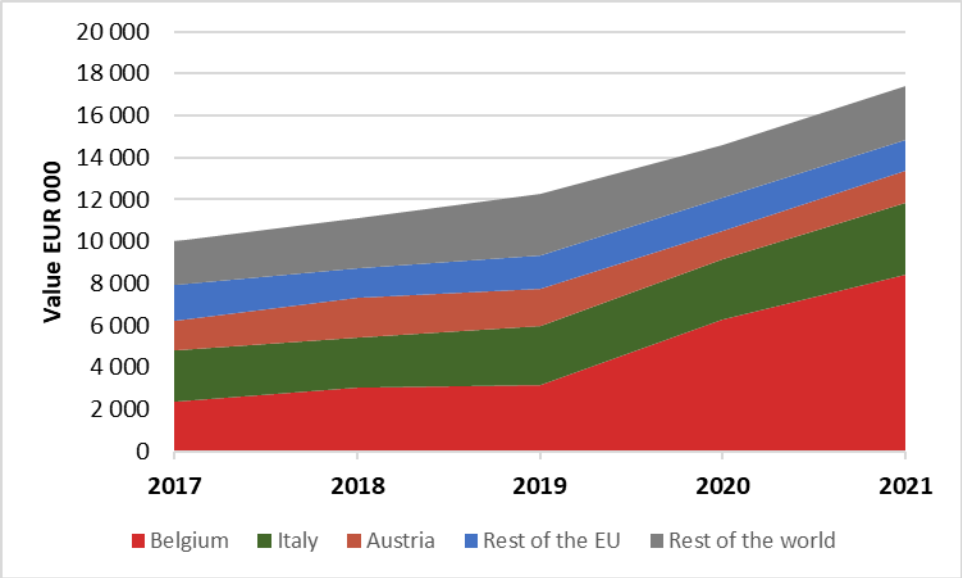


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 190531 and 190532

Figure 5-59 shows that Belgium is the largest exporter of biscuit and cereal bar products to Japan with a total trade value in 2021 of around EUR 8.4 million. This is followed by Italy, which exported approximately EUR 3.4 million to Japan and Austria with around EUR 1.5 million. The EU in total accounted for about 85% of imports by value.

Figure 5-59: Japanese imports of biscuit and cereal bars by country, 2017-2021; value (EUR 000)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 190531 and 190532.

EU GI products

The EU-Japan Economic Partnership brings recognition and protection of EU GI products on the Japanese market. Among them, there are following biscuits and cereal bar products:

- Aachener Printen (Germany)
- Nürnberger Lebkuchen (Germany)

Main competitors

First and foremost, Japan is a large producer of biscuit and cereal bar products and is itself a net exporter of these products which means domestic producers will be the largest competitors in this market. The Japanese domestic market is highly fragmented and competitive with companies such as Ezaki Glico, Bourbon Corp and Lotte being the larger ones. Outside of domestic Japanese production, the biggest competitors are other Asian countries though the EU is clearly the strongest exporter of biscuits and cereal bars to Japan as it accounts for over 80% of imports by value.

5.13.4 Specific market entry requirements

Market access and customs procedures

Biscuits and cereal bars are not a subject to a particular market entry procedure, but import is a subject to a number of general regulations and entry procedures such as the Food Sanitation Act. There might be some issues surrounding food additives.

Tariffs are variable for both biscuit and cereal bars, yet below the MFN. Tariffs for sweet biscuits exported from Germany to Japan are at 11.1% vs 20.4% for MFN.

A list of standard documents as well as the overview of the procedure is presented in section 4.2.1.

The following additional documents are needed to export biscuits and cereal bar products from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link –Sweet biscuits category (190531) from Germany to Japan

https://trade.ec.europa.eu/access-to-markets/en/results?product=190531&origin=DE&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

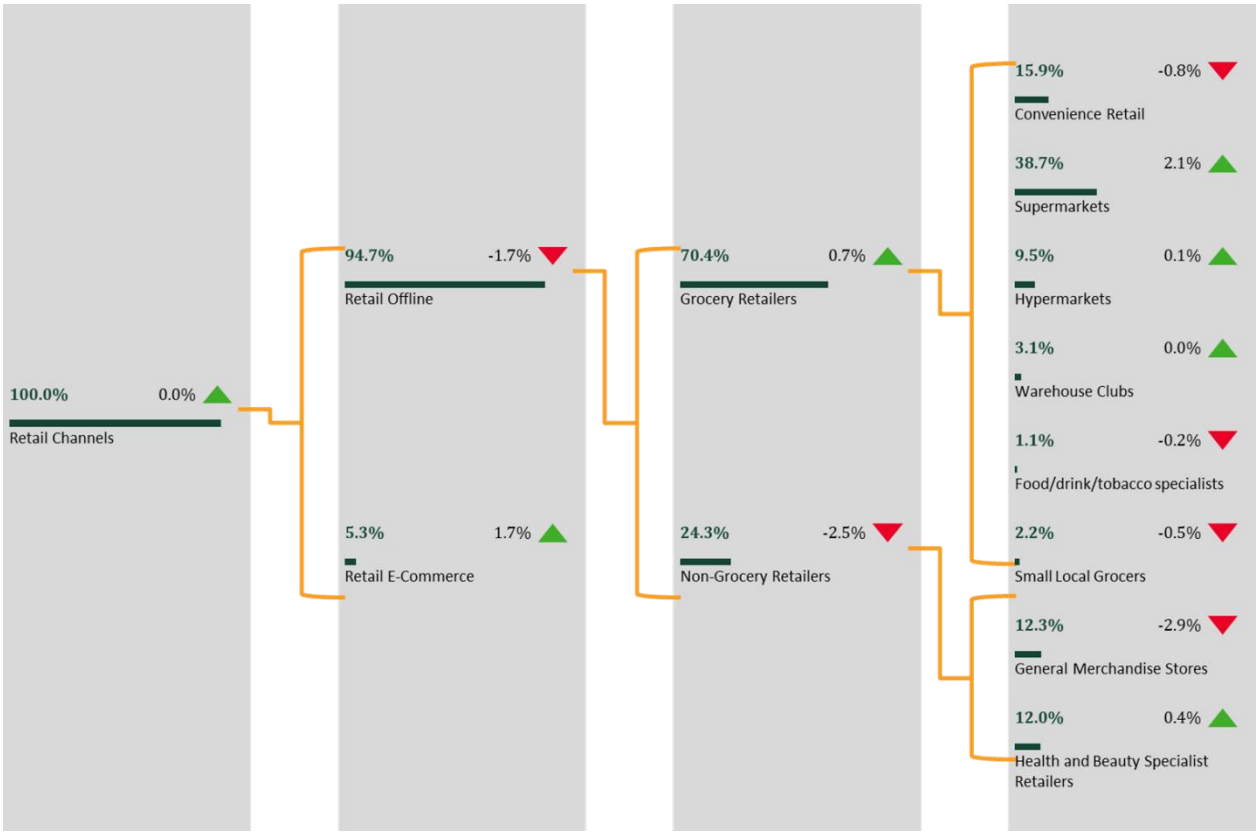
Labelling

The section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as country of manufacture.

5.13.5 Distribution

Sweet biscuits distribution is focused mainly on grocery retailers which account for just over 70% of sales. The main sub-channels within grocery retail outlets are supermarkets which account for 38.7% of all sales and Convenience retail with 15.9%. Non grocery retailers accounted for 24.3% of sales. The importance of e-commerce as a channel is increasing. In 2021 this channel accounted for 5.3% of sales (Figure 5-60).

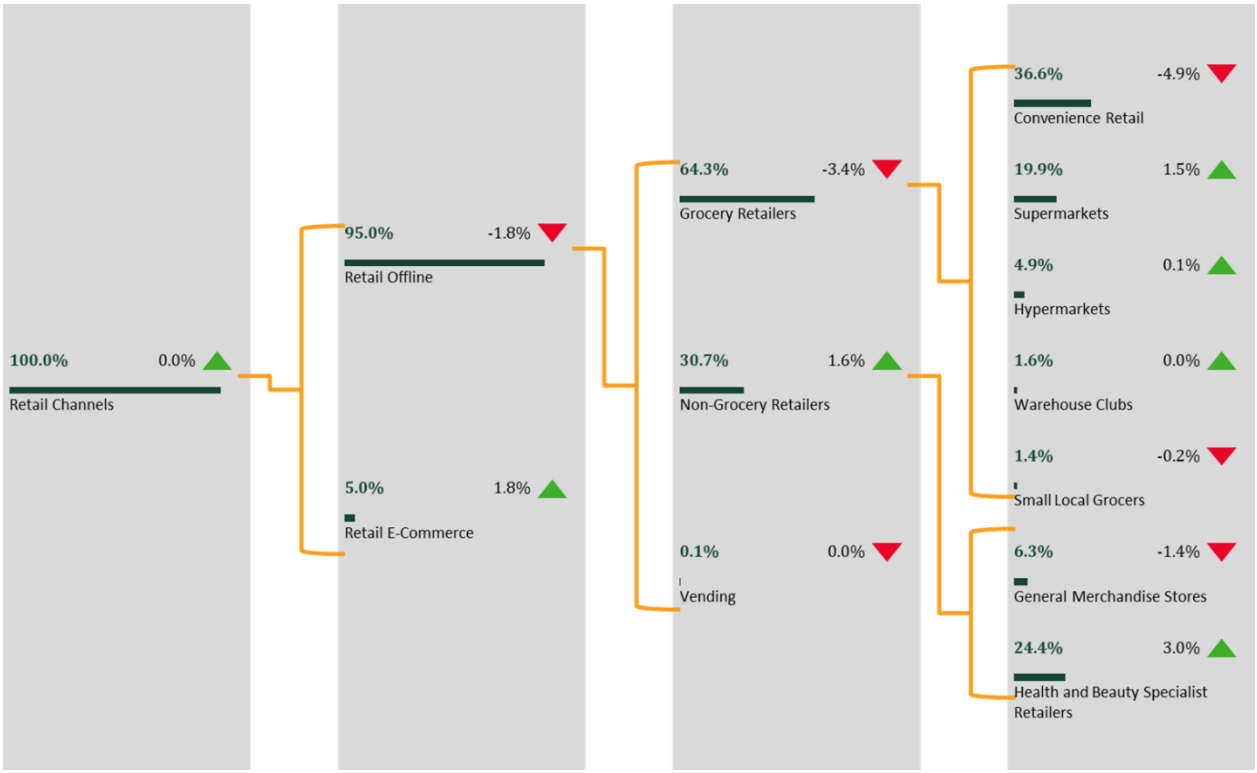
Figure 5-60: Distribution channels of sweet biscuits in Japan (2021); retail value



Source: Euromonitor International: Packaged Food, 2022.

Grocery retailers are the largest distributor of cereal bars in Japan with a share of 64.3% of sales, with convenient retail accounting for 36.6% of sales followed by supermarkets with 19.9%. Non-grocery retailers accounted for 30.7% of sales. E-commerce accounted for 5% of the retail value in 2021 (Figure 5-61).

Figure 5-61: Distribution channels of snack bars in Japan (2021); retail value



Source: Euromonitor International: Packaged Food, 2022.

5.13.6 Challenges for EU products

Competing with domestic Japanese production is the largest challenge for EU products. The production of flavours that are more native to Japan is another key challenge for EU products, given that local producers are quite well plugged into these preferences and trends. The collaboration with Japanese celebrities and anime characters in the marketing of biscuit and cereal bar products particularly is a key challenge as EU products may find it more difficult to attract Japanese celebrities to collaborate with them in the same way as domestic brands. Despite these challenges, it is important to note that biscuit and cereal bar imports from the EU make up the majority of imports and the three largest exporters of biscuits and cereal bars are all EU Member States.

Market Takeaway: Biscuits and cereal bars

Consumption: *The market for biscuits and cereal bars had a total value of EUR 4.7 billion in 2022 and is forecast to continue to grow in the coming years, even though at a slower rate than in previous years.*

Competition: *Domestic products are the biggest competitor for EU products. The market is dominated by domestic companies including Ezaki Glico Co Ltd, Bourbon Corp, and Lotte Co Ltd. The EU is a strong exporter, but it still has to compete with some Asian countries as well.*

Distribution: *Biscuits and cereal bars are largely distributed through grocery retailers such as supermarkets and convenience stores, but also through non-grocery retailers. The e-commerce channel is increasing in popularity.*

Challenges*: Competing with domestic production which is in touch with the local market and increasingly caters for new demands for healthier and flavourful products.*

Opportunities: *For large product categories chocolate coated biscuits and filled biscuits which are forecast to grow, for multipacks and petit premium products, for healthy products, and for new flavours and interesting packaging. E-commerce offers some new opportunities as well.*

5.14 Baked goods

5.14.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
▪ Japan is a slight net importer of baked goods. ▪ The EU accounts for close to 30% of imports; France is the largest EU exporter. ▪ Very low domestic wheat production; 90% of wheat is imported. ▪ The market is forecast to grow by value.	▪ Domestic baked goods production is plentiful. ▪ Dessert mixes is by far the smallest category by value and is forecast to have a negative growth rate in the coming years.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Products with healthy ingredients to cater to the health and wellness trend. ▪ New flavours, new packaging and other innovations offer opportunities. ▪ Lower-priced products for price-conscious consumers; and premium artisanal products for occasions and higher-income consumers.	▪ Domestic companies dominate the market and local artisanal products are in demand. ▪ China and Malaysia are further big threats as they are the leading exporters to Japan. ▪ Consumers are often used to flavours and ingredients different from those found in the EU.

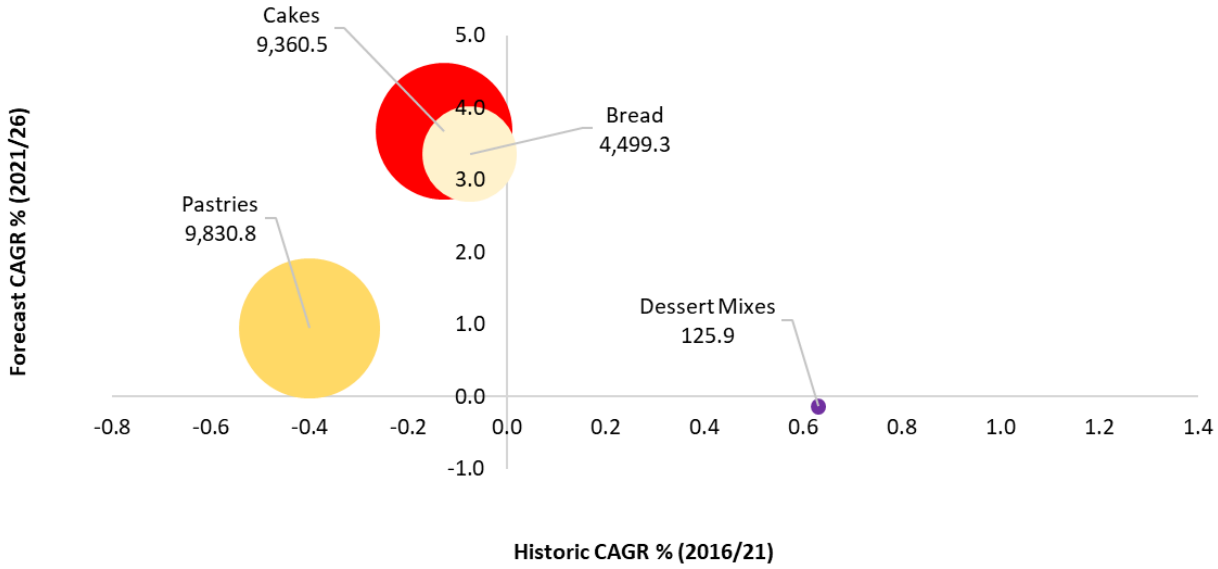
5.14.2 Consumption

Evolution of consumption

Figure 5-62 depicts the evolution of the consumption of baked goods in Japan. In 2021, the total market size was just over EUR 23.8 billion. Pastries was the most popular category with a market size of about EUR 9.8 billion. Cakes closely ranked second with around EUR 9.4 billion, followed by bread with nearly EUR 4.5 billion. The market for dessert mixes had by far the smallest market size compared to the other categories at about EUR 126 million.

Historically, between 2016 and 2021 the market overall slightly decreased. Even though the market for dessert mixes is by far the smallest, this category grew with the strongest CAGR of about 0.6%. The biggest category, pastries, on the other hand, showed the lowest growth rate at a negative CAGR of about -0.4%. The baked goods market is forecast to grow going forwards. All categories, besides dessert mixes, have higher growth rates than historically. Cakes has the highest growth rate, and the market is forecast to grow by about 3.7% between 2021 and 2026. Bread is forecast to grow at a CAGR of 3.4% between the same years and pastries at a CAGR of 0.9%.

Figure 5-62: Evolution and forecast of the baked goods market in Japan, 2016-2026; total retail value (EUR million)



Source: Euromonitor International: Packaged Food, 2022.

Consumer profile and purchase criteria

Consumers

Baked goods include a lot of very different products from sweet to savoury which is why the consumer base is very diverse as well. Consumers from all genders, income types, social statuses and age groups consume baked goods. However, not all consumers purchase each type of baked good; for example, not everyone might consume bread whereas some others do not consume pastries. One reason for this is that the health consciousness of consumers is rising, and they are constantly looking for healthier options with fewer calories or sugar. Pastries and cakes are mainly consumed by families with kids or people who want to treat themselves and consumers that are less health-conscious. In particular, millennials have many demands and are consumers of baked goods with natural ingredients that are made without additives and chemicals.

Drivers and method of consumption

The westernisation of the Japanese diet is a main driver for the consumption of baked goods.

People do spend more time at home and continue to work from home at least partly, which is driving the home consumption of certain baked goods, such as for breakfast. Even though not a traditional food, bread becomes an important part of breakfast and lunch partly also due to its convenience. However, bread is not eaten every day as the Japanese carbohydrate staple remains rice. In particular, *shokupan* is eaten for breakfast. It is thickly sliced soft bread that is consumed together with milk. The demand for pastries on the other hand has declined because

they were a popular snack people would eat when working in the office. People working from home often choose packaged cakes as their go-to snack to indulge in. [196]

Once the COVID-19 pandemic is completely over and consumers go back to more dynamic lifestyles, the demand for nutritional quick meals is likely to increase, which will likely drive the demand for baked goods.[197]

Baked goods, in particular unpackaged cakes, are popular gifts in Japan that are given for different occasions. It is common for example to bring a souvenir for friends, co-workers and relatives when coming back from a trip, or to bring a gift when invited to someone's home. Since the beginning of the COVID-19 pandemic gift-giving occasions have become rare due to the ongoing home seclusion, which negatively impacted the demand for cakes. Moreover, the demand for cakes was negatively influenced by the many missing tourists that were not able to visit Japan due to the borders being closed.

Japanese baked goods items often come with very different taste profiles than items in the west. In Japan, baked goods are for example made with unusual fillings or seasonal flavours such as black sesame seeds, edamame, sweetened red beans, sweet potato or kabocha pumpkin.

The increasing health consciousness of consumers is driving the demand for healthier baked goods options.

Purchase criteria

Due to the effects of the COVID-19 pandemic, consumers' incomes are being stretched due to higher prices for baked goods. Therefore, with the increasing budget-consciousness of Japanese consumers, the price of a product is one of the main purchase criteria. Another one is the type of baked goods. Most popular is leavened and packaged leavened bread, followed by pastries such as Melon Pan, An Pan, Croissants and Cream Pan. Packaged cakes are the third most popular choice. The occasion plays a role as well. If consumers are looking for something to get for breakfast or lunch, they are more likely to purchase bread, whereas if they look for a treat they probably rather purchase a sweet treat like cake. When it comes to consumption for indulgence, the product a consumer chooses also depends on when they want to consume it. If consumers want something right away they are more likely to purchase something fresh, whereas they would choose a product with a long shelf life if they want a treat for another time.

As consumers' health consciousness is increasing overall, many of them pay attention to the ingredients of products and their nutritional values. Health-conscious consumers prefer healthier / perceived healthier options such as "free-from" products including gluten-free, preservatives-free, and sugar-free options. In addition, some consumers also pay attention to how sustainably the product they are buying is produced.

[196] Consumer Trends relating to Bakery Goods in Japan /2020), https://tokyoesque.com/bakery-goods-in-japan/

[197] Japan: Pastry and Cakes Market and the Impact of COVID-19 on It in the Medium Term, https://www.marketresearch.com/Williams-Marshall-Strategy-v4196/Japan-Pastry-Cakes-Impact-COVID-30388731/

Recent market trends

The following market trends are currently visible:

- **Product development:** Many manufacturers put efforts into developing new products to keep their customer base as well as to win over new customers. This includes new flavours, but also new packaging. For example, due to the price consciousness of consumers, Yamazaki Baking introduced multipacks of pastries, to be able to offer cheaper per item prices to consumers.
- **Social media:** Social media is very important for marketing purposes because in particular younger consumers can be influenced through social media channels. For a product to trend on social media it is important that it looks good. One example is *maritozzos*, which are Italian sweet pastries with whipped cream. Since the beginning of the pandemic *maritozzos* have been trending after going viral on Instagram. Many large-scale manufacturers, as well as artisanal small bakeries, profited from this trend by launching their own *maritozzos*. Therefore, it is important for manufacturers not only to use social media as a marketing tool but also to keep up to date with the latest baked goods trends.
- **E-commerce:** Due to the pandemic the importance of e-commerce for baked goods has been growing. Consumers have become used to ordering goods online during times of social distancing and many keep using e-commerce channels because of their convenience. In particular, one platform selling cakes called "Cake.jp." grew nationwide and was used by consumers to send gits to their family and friends during social distancing when they were not able to meet up in person.
- **Health consciousness**: Already prior to the COVID-19 pandemic health consciousness of Japanese consumers was increasing, however, the pandemic gave it a further boost. Today many consumers pay attention to nutrition and ingredients in the baked goods they buy. As a result, manufacturers introduce new products in line with this trend such as low-carb, reduced-salt, or sugar-free baked goods. The interest in clean labels is rising because consumers want to make sure that they do not buy products with oxidants, emulsifiers or preservatives, which are associated with certain health risks.[198]
- **Sustainability:** Consumers increasingly also demand products that are sourced ethically and sustainably. The demand for frozen baked goods is increasing for example because due to their longer shelf lives, frozen baked goods are less likely to contribute to food waste. Fresh products on the other hand sometimes have to be thrown away if not eaten in time.

Domestic production

Wheat cultivation remains quite new to Japan, a country in which rice remains the staple food. However, as the popularity of baked goods has been and still is on the rise in Japan an increasing amount of wheat is needed, most of which (around 90%), needs to be imported. [199]

Bread first came to Japan in the 15th century, brought by Portuguese traders and Missionaries. The Japanese word for bread is "*pan*", which derived from the Portuguese word "pao". Japanese

[198] Japan: Pastry and Cakes Market and the Impact of COVID-19 on It in the Medium Term, https://www.marketresearch.com/Williams-Marshall-Strategy-v4196/Japan-Pastry-Cakes-Impact-COVID-30388731/

[199] Overview: Bakery Goods in Japan (2020). https://tokyoesque.com/bakery-goods-in-japan/

consumers were not interested in bread until the westernisation of the country during the Meiji era. During this era, the *Anpan* was invented, which is a bread that uses yeast dough and is filled with a bean paste. The Emperor at the time loved the *Anpan*, which made it very popular among Japanese consumers.

Since then the demand for baked goods steadily increased. Today baked goods are popular all over Japan and can be purchased in more than 10 000 bakeries spread throughout the country as well as in modern channels such as supermarkets.[200] There are many small-scale bakeries as well as large ones. Some of the bakeries are specialized in for example decorative cakes whereas others focus on fresh bread. [201]

Overall, the market is partly dominated by large domestic companies, which together have a market share of over 40%. Yamazaki Baking is the clear market leader and is followed by some distance by Shikishima Baking, and Fuji Baking. However artisanal shops are high in demand as well.[202]

Imports and exports

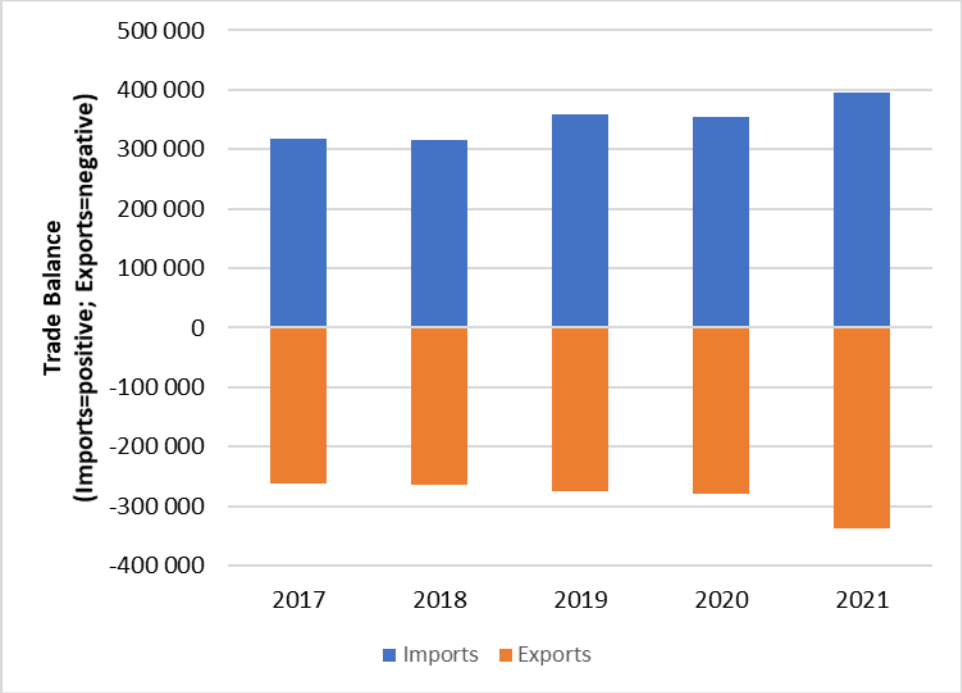
As shown in Figure 5-63 Japan is a net importer of baked goods, though exports are not negligible either. The country imported about 15% more than it exported in 2021. Japan imported baked goods with a value of about EUR 396 million, whereas it exported over EUR 338 million. Between 2017 and 2021 the imports of baked goods grew by about 40% even though they slightly declined in 2018 and 2020. Exports also increased during the same time period.

[200] Japanese bakeries, https://www.japan-experience.com/plan-your-trip/to-know/japanese-food/japanese-bakeries#:~:text=Today%20there%20are%20more%20than,to%20us%20in%20the%20West.

[201] Bakeries in Japan (2022), https://zimminaroundtheworld.com/2022/03/03/bakeries-in-japan/

[202] Competitive Landscape in the Bakery Goods in Japan Market (2020), https://tokyoesque.com/bakery-goods-in-japan/

Figure 5-63: Trade balance (imports and exports) of baked goods in Japan, 2017-21; value (EUR 000)

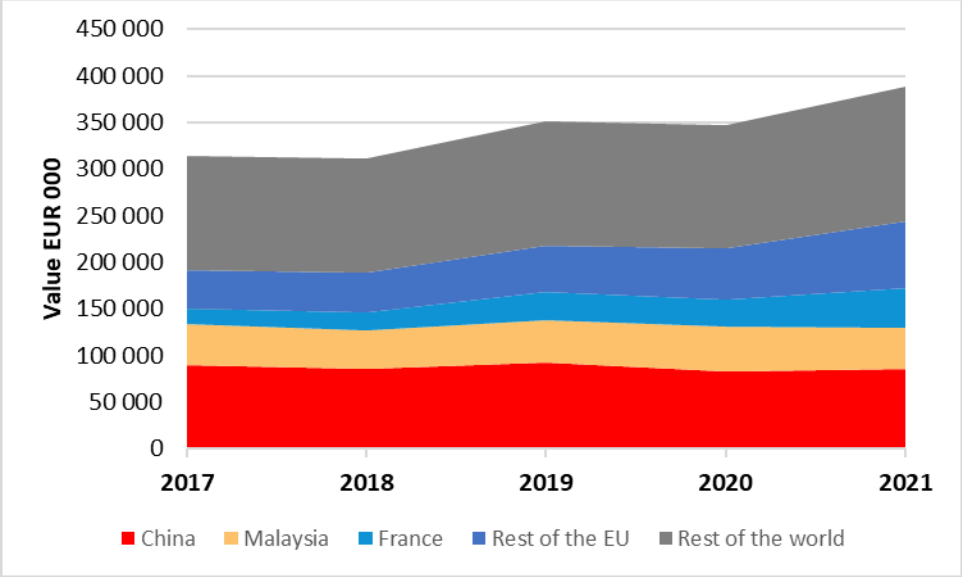


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 190590

The main exporter of baked goods in Japan in 2021 was China, with an exported value of around EUR 86 million. China was followed by Malaysia with around EUR 44m and France with approximately EUR 42 million as shown in Figure 5-64. France alone accounted for over 10% of the total export market value of baked goods exports to Japan in 2021. In total three out of the top 10 exporting countries are from the EU and include Italy and Spain in addition to France. The EU in total accounted for close to 30% of imports by value in 2021.

Figure 5-64: Japanese imports of baked goods by country, 2017-21; value (EUR 000)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 190590

EU GI products

The EU-Japan Economic Partnership brings recognition and protection of EU GI products on the Japanese market. Among them, there are following baked goods:

- Dresdner Christstollen / Dresdner Stollen / Dresdner Weihnachtsstollen (Germany)

Main competitors

Even though Japan is not a large wheat producer its domestic production of baked goods is significant due to wheat imports. The market is dominated by domestic production. The clear market leader is Yamazaki Baking, followed with some distance by other large players Shikishima Baking, and Fuji Baking. Artisanal production is significant as well.

When it comes to baked goods imports the EU is important as it accounts for around 30% of the imports market value. In particular France stands out as the main EU exporter of baked goods to Japan. However, China and Malaysia are the leading countries in this market, which makes them large competitors.

5.14.3 Specific market entry requirements

Market access and customs procedures

Baked goods are not a subject to a particular market entry procedure, but import is a subject to a number of general regulations and entry procedures such as the Food Sanitation Act. There might be some issues surrounding food additives.

Tariffs are variable for baked goods, yet below the MFN. Tariffs for bread exported from France to Japan for example are at 3.4% vs 9% for MFN.

A list of standard documents as well as the overview of the procedure is presented in section 4.2.1.

The following additional documents are needed to export baked goods from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link –baked goods (190590) from France to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=190590&origin=FR&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

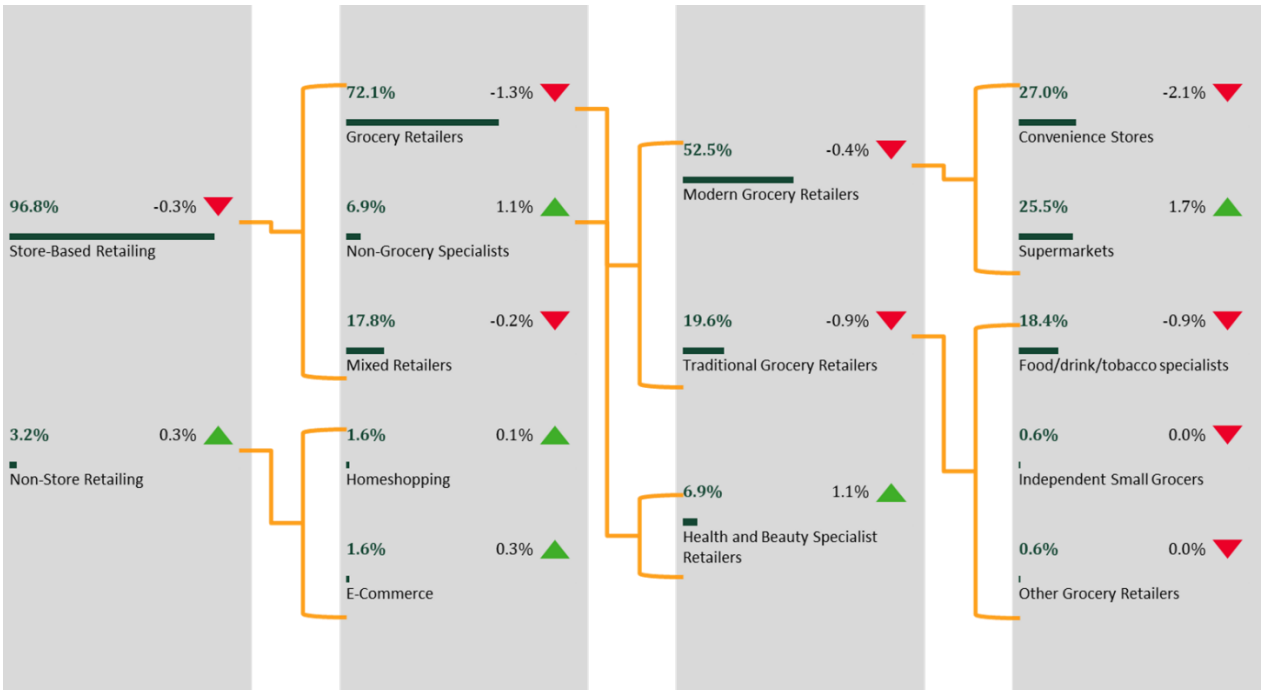
The section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as country of manufacture.

5.14.4 Distribution

In 2021 nearly all retail value of baked goods came from store-based retailing (96.8%) as depicted in Figure 5-65 and 1.6% of the retail value came from e-commerce. Modern grocery retailers overall gained popularity and accounted for about 52.5% of the retail value in 2021, whereas the popularity of traditional grocery retails decreased to around 19.6% of the retail value. The two main modern grocery channels are convenience stores with about 27.0% and supermarkets with 25.5%. Food/drink/tobacco specialists are the most popular traditional grocery retailers with 18.4%, even though their popularity has been declining, partly due to the aforementioned pandemic related drivers already discussed.

Bakeries that sell fresh baked goods can be found all over the country, however, they are particularly common in train stations and shopping areas. Most grocery stores also have fully stocked bakery departments which offer fresh baked goods on a daily basis.[203]

Figure 5-65: Distribution channel overview of baked goods in Japan in 2021; retail value



Source: Euromonitor International: Packaged Food, 2022.

5.14.5 Challenges for EU products

As mentioned before, the domestic market for baked goods is dominated by Japanese manufacturers, as they accurately address the consumers' preferences. In effect, an average consumer in Japan has developed a strong loyalty to domestic brands, which could be one of the challenges EU manufacturers would have to face. Secondly, given the strong preferences for fewer food additives and healthier ingredients overall in baked goods, producers from the EU might find some of their baked goods out of favour. In addition, it might not be easy to compete with products from Malaysia and China as these are likely to be cheaper than baked goods from the EU. Nonetheless, consumers appreciate the good quality of EU products. In general, it is important for EU producers to find the right niche in the market to successfully sell their products.

[203] What's special about Japanese Bakeries? (2021), https://www.bokksu.com/blogs/news/whats-special-about-japanese-bakeries

Market Takeaway: Baked goods

Consumption: *The baked goods market in Japan is large with a size of about EUR 23.8 billion in 2021. It is forecast to grow until 2026.*

Competition: *Domestic production by large Japanese companies and by artisanal bakeries. Some competition also comes from other countries such as Malaysia and China.*

Distribution: *Mainly via modern grocery channels such as supermarkets, and convenience stores but also through food/drink/tobacco specialists.*

Challenges*: Convince price-sensitive consumers; win against diverse and plentiful competition; finding a niche.*

Opportunities: *Offering products with healthy nutritious ingredients, cheap products for every day and artisanal premium products for special occasions, new flavours, new packaging and other innovations to keep the consumer interested.*

5.15 Processed breakfast cereals

5.15.1 SWOT analysis

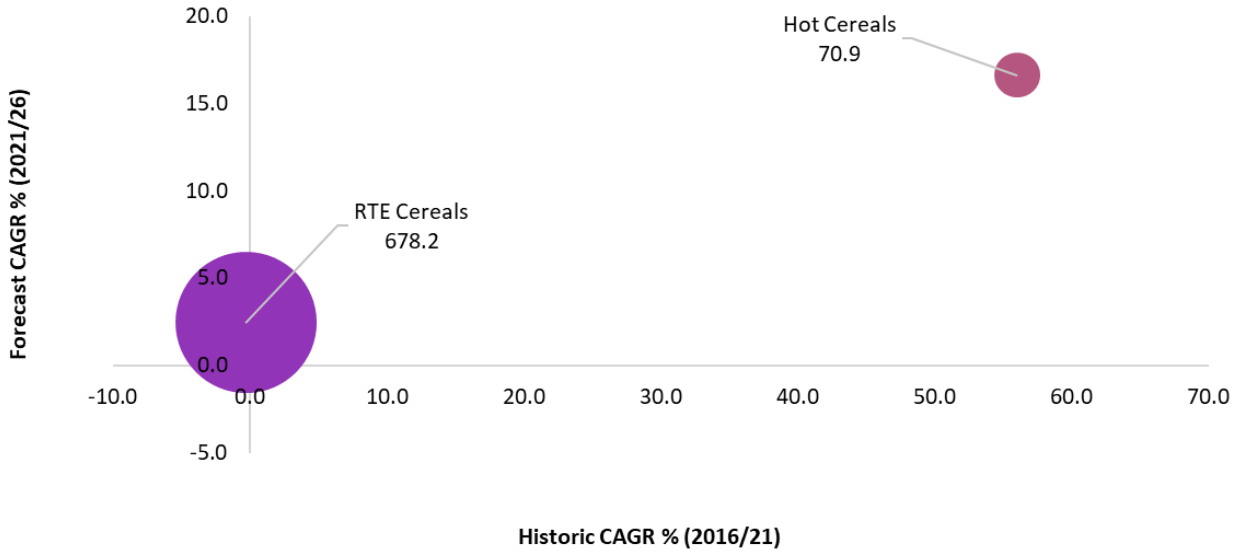
STRENGTHS (+)	WEAKNESSES (-)
▪ The EU accounted for close to 45% of imports by value in 2021, with Belgium alone already making up 28%. ▪ Health and wellness trend has a positive impact on breakfast cereals in Japan. ▪ Continued home-working increases the number of consumers eating breakfast at home.	▪ Japan is a strong net exporter of processed cereals. ▪ Breakfast cereals reached a fair degree of maturity at a lower level than in the west. ▪ Strong consumer loyalty to brands.
OPPORTUNITIES (+)	**THREATS (-)**
▪ Changes in Japanese breakfast habits, aimed at nutritional intake and convenience. ▪ Products specifically for occasions other than breakfast such as snacking. ▪ The hot cereal market is still small but continues to grow at a very fast rate; and RTE cereals have a larger market size and are popular.	▪ Calbee Foods, Kellogg (Japan) KK, and Nissin Cisco account for 80% of the market value. ▪ The biggest export market competitors are the United States, Australia and China. ▪ Competition is driven by high product availability.

5.15.2 Consumption

Evolution of consumption

The market for breakfast cereals in Japan had a value of about EUR 749 million. Ready to eat (RTE) cereals are the clear market leader with a value of EUR 678 million in 2021, followed by a distance by hot cereals with a value of close to EUR 71 million. Even though the market for hot cereals is small it has been growing at an exceptionally high CAGR of about 56% between 2016 and 2021, and it is forecast to continue to grow at a high CAGR of about 16.6% between 2021 and 2026. RTE cereals are forecast to grow at a CAGR of around 2.4% within the same years.

Figure 5-66: Evolution and forecast of the market for breakfast cereals in Japan, 2016-2026; EUR million



Source: Euromonitor International: Packaged food, 2022.

Consumer profile and purchase criteria

Consumers

Processed breakfast cereals have a broad consumer base. Consumers are mainly the ones eating breakfast at home, as breakfast is the main occasion to eat processed breakfast cereals. This means consumers are more likely to be those who work from home than to go into the office every day. Moreover, kids enjoy breakfast cereals. In general, processed breakfast cereals are liked by health-conscious consumers because they are seen to be healthier than other breakfast options available such as pastries.

Drivers and method of consumption

Even though the popularity of breakfast cereals is increasing in Japan, consumption is still much lower than in other western countries. However, this is slowly changing due to continuing the westernization of the Japanese diet.

Many consumers now work from home a few times per week which continues to drive the demand for processed breakfast cereals because they also eat breakfast at home. Breakfast cereals are a popular breakfast option because they are viewed to be healthy compared to some other options. Consumers have started to look for digestion and nutritional added value. Processed cereals are consumed in multiple ways, which include the use of a variety of toppings, sauces, milk, jam, frozen fruits and nuts etc.

The demand for hot cereals has been increasing very fast during the last years. This is due to in particular health-conscious consumers switching to this type pf processed cereals because of the

nutritious value of oats. Other reasons linked to the spike in popularity of hot cereals are linked to the COVID-19 pandemic where consumers had to spend more time at home which made some of them struggle with the lack of physical activity, which is why they aimed to eat healthier food to not gain too much weight and stay healthy. On top of this oats were a commonly used ingredient in home-baking, a trend which developed at the beginning of the COVID-19 pandemic, however, is not as prevalent anymore. In addition, the popularity of hot cereal increased in the beginning of the COVID-19 pandemic due to stockpiling of consumers. As hot cereals have a long shelf life, they were seen as a good stockpile item. Other rich in fibre cereals with reduced sugar and fat contents are popular as well.[204]

In the west, breakfast cereals are mainly consumed for breakfast, however, in Japan consumers also may eat it as a snack during any time of the day. When consuming the product this way, consumers may eat breakfast cereals with milk or yoghurt, dry, or might even use it as a topping for sweets such as ice cream. Japanese also consume hot cereals such as oatmeal not only for breakfast but also as a snack during the day. To make it their own Japanese consumers sometimes use Japanese flavours such as *dashi* (a flavourful meatless broth) in their oatmeal dishes. [205]

Purchase criteria

As always, the price is an important purchase criterion. However, it is not always the main one as consumers tend to have strong brand loyalty when it comes to processed breakfast cereals and thus are willing to pay a higher price for their favourite products. The quality and taste of processed breakfast cereals are important to consumers as well. The high brand loyalty was only able to develop because consumers became attached to products of a brand they like the quality and taste of. As health consciousness is increasing, consumers tend to look into the ingredients list and nutritional values of products before purchasing as their health is important to them.

Recent market trends

There is a health and wellness trend at present. Already prior to the pandemic consumers paid more attention to what they eat, which has been boosted even more during COVID-19. This trend is having a positive impact on processed breakfast cereals in Japan as consumers deem these products to be healthier than some other options. In particular, hot cereals are trending because they are considered to be good for digestive health and often contain healthy ingredients. Two of the market leaders (Kellogg Japan KK and Nissin Cisco Co) for example have been launching their own hot cereal lines. Many manufacturers continuously come up with new flavours and other innovations to keep consumers interested in processed cereals and to win over new consumers. Using social media as a channel to promote one's products is a strategy often used by manufacturers. One goal that manufacturers seem to have in common is to introduce new eating occasions for processed breakfast cereals besides breakfast. They aim to make cereals that consumers can eat at any time. Calbee Foods for example launched Frugra Bits in 2021, which are granola bites for snacking. Nissin Cisco on the other hand introduced corn flakes that can be used for cooking.

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[204] Top 5 Japanese Cereals to Try for Breakfast: Kinako Flavored, Gluten-Free, and More! (2020), https://www.tsunagujapan.com/wow_02462/

[205] Cereal in Japan: 9 Things You Need to Know (2021), https://escapetoasia.net/cereal-in-japan/

5.15.3 Offer

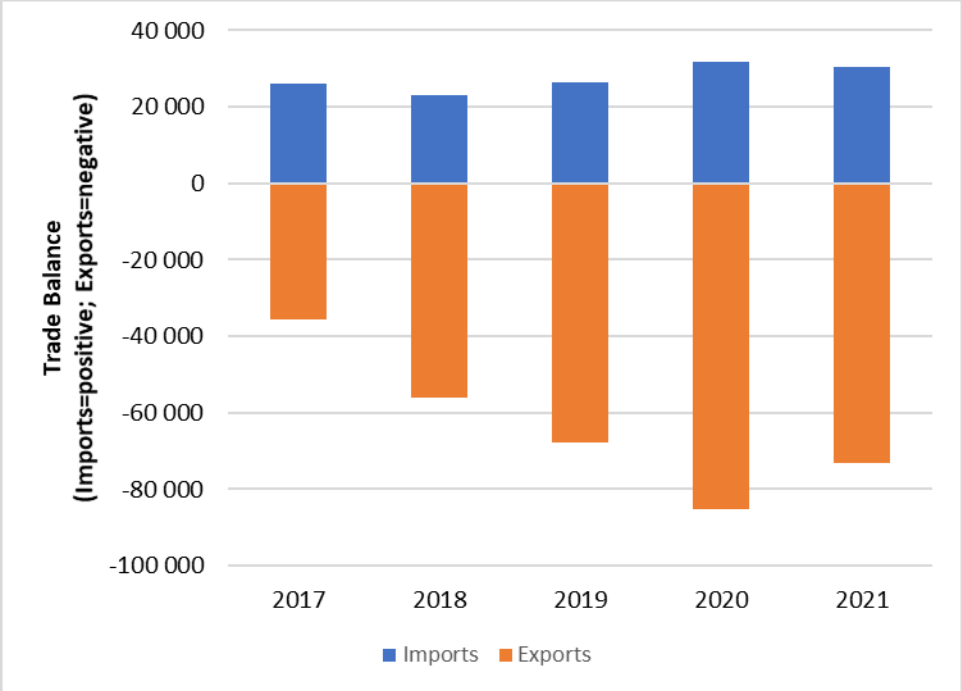
Domestic production

Production of processed cereals in Japan includes a wide variety of cereals products as well as numerous innovations with combinations of ingredients and/or nutritional compounds. The following three companies together account for 80% of the processed cereals market value in Japan: Calbee Foods, Kellogg (Japan) KK, and Nissin Cisco. Calbee Foods is forecast to remain the leader in the sector due to its very strong and popular Frugra brand. Kellogg (Japan) KK is the second biggest market leader due to the large variety of processed breakfast cereals they offer and because of the strong consumer loyalty to the brand due to its long history in Japan. Nissin Cisco is currently the third largest player in the market, however it is forecast to close the gap with the first two players because of its strong-performing granola brand (Gorotto Granola).

Imports and exports

As shown below in Figure 5-67, Japan is a large net exporter of processed cereal products with exports reaching a value of EUR 73 million in 2021. In the same year, Japan imported close to EUR 31 million. Thus, it exported over two times more than it imported. Between 2017 and 2021, both exports and imports of processed cereals peaked in 2020.

Figure 5-67: Trade balance (imports and exports) processed cereals in Japan 2017-21; value (EUR 000)

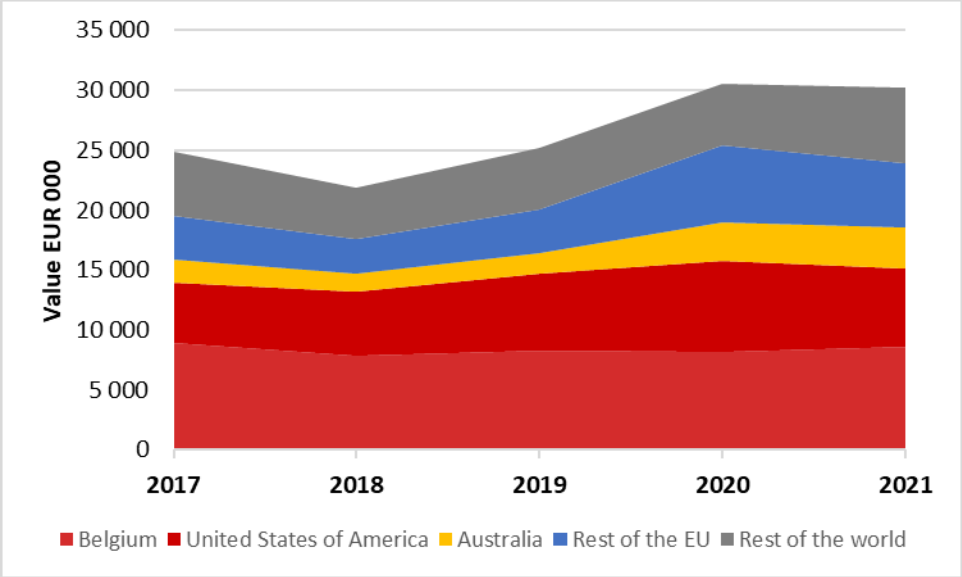


Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN code 1904.

In terms of origin, as shown in Figure 5-68 Belgium is the biggest exporter of processed cereals to Japan coming to a value of EUR 8.6 million. This is followed by the United States at a value of EUR 6.5 million and Australia at EUR 3.4 million. In total five out of the top ten exporting nations are part of the EU. In addition to Belgium, these are France, Germany, Czech Republic, and Italy. The EU accounted for close to 45% of the imports market value in 2021, with Belgium alone already making up 28%.

Figure 5-68: Japanese imports of processed cereals by country, 2017-21; value (EUR 000)



Source: Trade Map, International Trade Centre - https://www.trademap.org/

Data for CN codes 1904.

EU GI products

No GIs for breakfast cereal products have been identified as having been registered.

Main competitors

The market is strongly dominated by only three companies that account for 80% of the market value of processed breakfast cereals in Japan. These are Calbee Foods, Kellogg (Japan) KK, and Nissin Cisco.

The EU is an important exporter of processed cereals to Japan, however, the United States and Australia are strong export competitors as they are the second and third largest exporters to Japan just after Belgium.

5.15.4 Specific market entry requirements

Market access and customs procedures

Processed breakfast cereals do not face any market access restrictions, but their import is subject to a number of general regulations and entry procedures, complying with, *inter alia*¸ the Food Sanitation Act. There might be issues regarding additives.

Tariffs generally are at 4.3% vs MFN of 11.5%.

A list of standard documents as well as the overview of the procedure is presented in section 4.2.1. It should be noted though that importing processed cereals might require providing additional documentation.

The following additional documents are needed to export processed breakfast cereals from the EU to Japan:

- Authorisation of foreign foodstuff manufacturers
- Import notification for food and food products
- Certificate of analysis

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

https://trade.ec.europa.eu/access-to-markets/en/home

Example link –breakfast cereals (1904) from France to Japan

https://trade.ec.europa.eu/access-to-markets/en/search?product=1904&origin=FR&destination=JP

Standards

A long list of different food additives that are declared to be safe by international food safety bodies are prohibited from use in Japan, thus making exports of certain food and drink products complicated, not possible, or require the need of the exporter to adjust their recipes. More information can be found in section 4.2.2.

Labelling

The section 4.2.3 provides an overview of Food Labelling Standard law in Japan. In general, in case of all processed foods, it imposes labelling requirements concerning allergens, nutritional components and countries of origin of ingredients as well as country of manufacture. It presents provisions of the labelling framework in Japan, pointing out the necessary requirements for processed foods, including processed cereals products.

5.15.5 Distribution

Figure 5-69 displays the distribution of breakfast cereals in Japan. Just under 94% of the retail value in 2021 came from store-based retailing, while 4.2% can be attributed to e-commerce, and 2.1% to home shopping. The retail value generated through e-commerce and home shopping has

been increasing since 2016. Modern grocery channels, in particular, supermarkets, are the most popular distribution channel for breakfast cereals in Japan as supermarkets accounted for 47.4% of the retail value in 2021. Mixed retailers were popular in 2021 as well and accounted for 31.8% of the retail value followed by health and beauty specialist retailers with 13.4%.

Figure 5-69: Distribution channel overview of breakfast cereals in Japan (2021); retail value



Source: Euromonitor International: Packaged food, 2022.

5.15.6 Challenges for EU products

Even though the EU is an important exporter of processed breakfast cereals to Japan, there is strong competition from other countries and more importantly from domestic production. The market is dominated strongly by only three companies and consumer loyalty is strong. In effect, EU producers could find it challenging to successfully enter the market, as there is an abundance of products available as well as a variety of innovations - introducing seasonal products, experimenting with taste or nutritional compounds combination; and local companies are very sensitive to these trends. It will be important to find one's niche to have the best chances to be successful.

Market Takeaway: Processed breakfast cereals

Consumption: *Much lower than in the west. The market for breakfast cereals in Japan had a value of about EUR 749 million in 2021 and is forecast to grow in the years to come.*

Competition: *Mainly from domestic market leaders Calbee Foods, Kellogg (Japan) KK, and Nissin Cisco, but also from other exporters to Japan such as the United States and Australia.*

Distribution: *Mainly through supermarkets, but also mixed retailers and health and beauty specialist retailers. E-commerce and home shopping are small but their popularity is increasing as well.*

Challenges*: Consumer loyalty toward well-known brands as well as a wide selection of domestic products available.*

Opportunities: *Healthy products, hot cereals ad RTE cereals are popular, and products for other occasions than breakfast such as snacking**.***

6 Communication

6.1 Communication strategy

Companies wanting to market products and advertise in Japan have different channels to consider. The aim of this section is to breakdown each section of the mass media landscape in Japan and to introduce the main communication channels (new and traditional media, as well as fairs) available in the country; as well as to provide a brief overview of key regulations for the advertisement of food and beverages.

6.1.1 Online & Digital Media

Online media usage Japan is very high as Japan has an internet penetration rate of 94%. This number continues to increase. At the beginning of 2022 over 118 million Japanese used the internet. This is an increase of 0.7% (or a total of nearly 850 000 additional users) compared to the year before. On the flipside this means that about 7.5 million Japanese or 6% of them do not use the internet and remain offline. Nonetheless, compared to other countries in the world this percentage of "non-internet users" is very low. On average, each Japanese spends around 4 and a half hours on the Internet daily.

Internet connections in Japan are fast and continue to increase steadily. The average fixed internet connection speed is around 94 Mbps and the average mobile internet connection speed is close to 41 Mbps. Currently, the mobile internet connection speed is increasing at a faster rate than the fixed internet connection speed. This might be related to the fact that Japanese gradually move away from using desktop computers and toward using mobile devices such as tablets and smartphones.

Google is by far the most popular research engine of the Japanese population with a 3/4th market share. Yahoo ranks second with a share of close to 1/5th. Other research engines that are sometimes used by Japan's population also include Bing, Duckduckgo, Baidu, Yandex, and Ecosia.

The digital marketing and advertising market in Japan is evolving at a fast pace as it is one of the essential marketing activities in the country. However, for some companies that are not native to the country their experience and knowledge from their home countries does not always match the one needed for Japan, which is why Japanese digital advertising agencies may provide companies with support to develop a successful digital marketing strategy. The box below shows an example of some larger digital advertising companies in Japan. [206]

[206] What is the top priority to start digital marketing in Japan?, https://www.bigbeatinc.com/blog/top-priority-to-start-digital-marketing-in-japan

Notable Japanese Digital Advertising Agencies[207]

AJ Marketing https://www.ajmarketing.io/

Beacon https://www.beaconcom.jp/

Frontage https://www.frontage.jp/

Hakuhodo DY Holdings https://www.hakuhodody-holdings.co.jp/

Quaras https://quaras.co.jp/

Nikkeisha https://www.nks.co.jp/

Tokyu Agency https://www.tokyu-agc.co.jp/

Nihon Keizai Advertising https://www.adex.co.jp/index_e.html

Dentsu https://www.dentsu.co.jp/

Delphys Interactive https://www.delphys-i.jp/company/

Social media platforms

Social media is a very important part of the everyday internet usage in Japan. More than 80% of the Japanese population uses social media, which amounts toa total number of around 102 million users. This proportion of the population is much higher than in most other countries of the world. Moreover, over half of social media users in Japan are not connected to only one, but to at least three social media platforms.[208]

In Japan, these social media channels are often referred to as SNS, which stands for “Social Networking Service”. This term and abbreviation are peculiar to Japan and are widely used in the country, including in news and business.[209] Social media has seen a strong growth during the last decade and this growth shows no sign of slowing. Between 2021 and 2022 the number of social media users increased by over 8 million people in Japan, which is an increase of close to 9%.

The Japanese are some of the most social media obsessed people in the world and social media is an important part of everyday life in Japan for all different age groups and backgrounds. 96% of 18- to 34-year-olds Japanese use social media but so do 94% of 35- to 49-year-olds. Despite this, the overall time spend on social media per day in Japan is below the global average of two and a half hours. Instead, the average Japanese spends less than an hour on social media.[210]

The most popular social network platforms in Japan are Twitter, Instagram, Facebook, and TikTok. The main messaging platform in Japan is LINE, and YouTube is a popular video platform.

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[207] Top 17 Marketing and Advertising Agencies in Japan (2022), https://www.europeanbusinessreview.com/top-17-marketing-and-advertising-agencies-in-japan/

[208] Japan Social Media Statistics 2022 | Most Popular Social Media Platforms (2022), https://www.theglobalstatistics.com/japan-social-media-statistics/

[209] What is SNS in Japan?, https://edamamejapan.com/japan-sns/

[210] Japan’s Top Social Media Platforms in 2022, https://www.bigbeatinc.com/blog/japan_social_media_2022

Social media platforms offer good opportunities for advertisement. Currently close to 30% of money spend on digital ads in Japan is used for social media advertisements.

Twitter

The microblogging site Twitter is the most popular media platform in Japan with its around 69 million active users. About half of these users are male and half are female. Japan is the platforms second biggest market in the world right behind the United States. Approximately 35 million tweets are posted on the platform in Japan on a daily basis. Japanese use Twitter for business as well as in private. Overall, it is more commonly used within younger age groups with usage decreasing with increasing age. Whereas about 80% of Japanese in their 20's use Twitter, it is only used by less than 40% of Japanese in their 40's.

Twitter's popularity in the country has driven brands, influencers and marketers to consider the platform as a way to connect to certain audiences. Even though there are fewer users from older age groups compared to younger age groups on Twitter, it remains one of the best ways to reach older age groups through social media. This is partly due to the fact that Twitter is also used by e.g. politicians and government spokespeople.

Instagram

Instagram has around 56 million active users in Japan, and thus ranks second behind Twitter. The platform's user number continue to increase at a fast pace. Around 60% of users are females and 40% of users in Japan are male. Most users in Japan are younger people and mainly teenagers. Instagram is a good source of income for businesses and creators. The most popular types of content on Instagram in Japan are food and fashion because these are made for very visual storytelling.

Top Food Instagram influencers in Japan[211]

@uryo1113
@muni_gurume_japan
@fallindebu
@wolf.0313
@hanatomo84
@harapeko_mi_29
@Mash_foodstagram
@tokyo_wagyu_report
@idestagram_jp
@gorou01

Facebook

Facebook has around 48 million active users in Japan, and thus is ranked third. It is used by all parts of the population, although slightly more females than men are signed up to the platform in Japan (approximately 60% female, 40% male).

[211] TOP 10 JAPANESE FOOD & COOKING INFLUENCERS FOR 2022, https://www.japanbuzz.info/top-10-japanese-food-cooking-influencers-for-2022/

Facebook is the leader in business networking in Japan. Many Japanese companies use Facebook to get in contact with their customer, which makes it an important platform for businesses.

During the last years, with the appearance of many new social media platforms, Facebook's popularity among younger consumer groups has been decreasing. This is something to be kept in mind when planning an ad campaign on Facebook. Furthermore, nearly all Facebook users access the app via their phones, which also should influence the design of advertisements.[212]

TikTok

TikTok is a short-form video hosting service that has around 18 million active users in Japan. Around 55% of them is male and about 45% in female. The platform is currently mostly used by younger age groups, which makes it the best platform to reach Generation Z. Close to 60% of Japanese aged between 13- and 19-years olds in Japan are using the platform. Some brands are concerned about the mainly younger age groups that are on TikTok, as Japan's population is increasingly getting older.

Top Food tiktokers in Japan[213]

bayashi.tiktok
omuraisupuro
yamadaasmr
new.kota
bartholomew_book
kohcooking
sasami373
nikuterrorist
shirou6464
miniaturehieuskitchen

YouTube

The video streaming platform YouTube saw a shift towards younger users in Japan. The largest user group are 18 to 22 years old. This might be partly due to the fact that celebrities and influencers that are popular on other platform also start to use YouTube in the country. Moreover, Japanese consumers that look for more raw and unpolished content are attracted to the platform. Around 60% of YouTube users in Japan are male and 40% are female. YouTube offers good marketing opportunities as advertisements are for example played within videos for users of the unpaid version of YouTube.

[212] Japan's Top Social Media Platforms in 2022, https://www.bigbeatinc.com/blog/japan_social_media_2022

[213] Top 10 food tiktokers in Japan, https://www.heepsy.com/ranking/top-food-tiktokers-in-japan

Notable YouTube food-oriented channels in Japan

Yuka Kinoshita https://www.youtube.com/user/kinoyuu0204
JunsKitchen https://www.youtube.com/c/JunsKitchen
Mosogourmet https://www.youtube.com/c/mosogourmet
Peaceful Cuisine https://www.youtube.com/c/ryoya1983
Cooking With Dog https://www.youtube.com/c/cookingwithdog
Ochikeron https://www.youtube.com/c/ochikeron
Tasty Japan https://www.youtube.com/c/TastyJapan
Japanese Cooking 101 https://www.youtube.com/c/JapaneseCooking101

LINE

LINE, which is a Japanese made app, is the most popular messenger app in Japan. It has close to 90 million active users, which is more than 70% of the country's population. Even though it is primarily a messenger app, LINE also offers social media features, a news section, a game feature and a cashless payment feature.[214] Demographically speaking the user base of LINE covers all part of the population. It acts as a sort of mirror of the demographic breakdown of Japan's society overall.[215]

Other platforms

Besides the platforms already mentioned, other platforms such as Skype, Pinterest, LinkedIn and Imgur are used in Japan as well.

Food blogs

Another interesting option to promote EU food products in Japan is to work closely together with food bloggers. Overall, there are about 3 million bloggers in Japan, many of which are food bloggers. There are possibilities to hire food bloggers and to ask them to promote certain products on their blog.[216]

Well-known food bloggers are influencers as well and increasingly cross over between written blogs and several social media accounts. This diversity of channels used also diversifies the exposure of a product on several platforms. Indeed, many of the top YouTube and Instagram pages for food in Japan identified above also have blogs.

The box below contains a selection of notable food bloggers in Japan, though this list is not extensive and certain blogs may be particularly relevant for certain food and beverage products. The box below does include some of the owners of YouTube and Instagram accounts previously mentioned.

[214] Japan's Top Social Media Platforms in 2022, https://www.bigbeatinc.com/blog/japan_social_media_2022

[215] Japan's Top Social Media Networks for 2022 – A Complete Guide, https://www.humblebunny.com/japans-top-social-media-networks/

[216] Japan Social Media Statistics 2022 | Most Popular Social Media Platforms (2022), https://www.theglobalstatistics.com/japan-social-media-statistics/

Selected top Japanese Food Bloggers[217]

Just One Cookbook https://www.justonecookbook.com/

Chopstick Chronicles https://www.chopstickchronicles.com/

Cooking with Dog https://cookingwithdog.com/

Create, Eat, Happy https://createeathappy.blogspot.com/

Little Miss Bento https://www.littlemissbento.com/

Japan Food Addict http://www.japanfoodaddict.com/

Japanese Mom's Home Cooking http://www.nsknet.or.jp/~tomi-yasu/index_e.html

Eating out in Tokyo with Dominic http://tokyoeater.blogspot.com/

Still Clumsy with Chopsticks http://kokonuggetyum2.blogspot.com/

Shizuoka Gourmet https://shizuokagourmet.com/

6.1.2 Traditional Media

Television

Television is very popular in Japan, especially among adults, thus it continues to be one of the main marketing channels. Indeed, a recent survey indicated that 79% of respondents had watched television every day. Furthermore, 56% of respondents had watched television for 3 to 6 hours per day, many of whom however were over 50 years old. Most young people indeed reported finding online videos more interesting than TV.

Japan has seven national television networks. Two of these are owned by the national public broadcaster NHK, whereas the remaining five are national commercial key stations. These seven stations are:

- Tokyo NHK General TV
- Tokyo NHK Educational TV
- Tokyo TV Asahi
- Tokyo Fuji TV
- Tokyo Nippon TV
- Tokyo TBS Television
- TV Tokyo

There are several national as well as more regional cable television providers in Japan, with the most well known one being J:COM. This is followed by Japan Cablenet (JCN). These major companies have to compete with Japanese satellite television platforms such as SKY PerfecTV! and WOWOW, and with the IPTV platform Hikari TV.

The most viewed channels are: NHK G, TV Asahi, Nippon TV, TV Tokyo, TBS, Fuji TV, Tokyo MX, NHK E, WOWOW, and Sun TV.

[217] Our Selection of the 15 Best Japanese Food Bloggers, https://itsyourjapan.com/top-15-japanese-food-bloggers/

Companies can promote their brand through time and spot ads. Time ads differ according to the commercial broadcast area (national vs. local) and whether or not the brand name is displayed during the TV program. Spots ads are differentiated by commercial broadcast slot: commercials in the station break slot are shown between programs, while commercials in the participating commercial slot are shown during programs. Spot ads purchasers can select the desired length, day of the week and time slots.

Radio

Listening to the radio is not as popular in Japan as it is in some western countries. Only around 40% of Japanese listen to the radio once per week. There are fewer regular listeners. Despite this, advertisement via radio can be beneficial depending on the group of consumers that is to be targeted.

The top radio stations in Japan are:[218]

- Japan A Radio
- Talitakum Radio
- Sampar Japon
- AIO Japan Radio
- J Jams Radio
- Blue Anime Ivana
- Radio Otaku
- JPopsuki Radio
- Soulful Web Station
- JP HiP

Print media

Similarly, to television, but to a lesser extent, print media, i.e. newspapers and magazines, are more popular among adults, the older generations in particular. Therefore, print media may be used to market brands that target older generations. The approximate cost to advertise on print media largely varies among newspapers.

The main national daily newspapers in Japan are the Asahi Shimbun, Mainichi Shimbun, the Yomiuri Shimbun, Sankei Shimbun and the Nikkei Shimbun.

6.1.3 Fairs and exhibitions

In addition to the digital approach or traditional media, companies may decide to promote their products at various trade fairs. Trade fairs are numerous and cover a broad range of sectors and are generally becoming a more attractive and sophisticated method for in-country product promotion and industry networking.

Most of them are endorsed by governmental ministries and agencies and take place in or around big cities such as Tokyo. Exhibitions constitute a promising opportunity to develop better brand recognition and initiate market interest. However, as some shows might only reach a local audience, it is advisable to research the exhibition's profile in advance. On the other hand, some

[218] List Of Top 10 Radio Stations In Japan, https://www.freeradiotune.com/japan/top-10-radio-stations-in-japan/

of them might match the exhibition approach and online presence. It is also worth remembering that participation costs are usually directly proportional to the rank of the exhibition and its scope.

A list of selected major upcoming food-related events and fairs can be found in section 8.4. Further lists including more specialist fairs can also be found online at websites such as:

- https://10times.com/japan/food-beverage/tradeshows
- https://www.eubusinessinjapan.eu/library/trade-fairs
- https://www.jetro.go.jp/en/database/j-messe/
- https://www.tradefairdates.com/Fairs-Japan-Z112-S2.html

6.2 Advertising regulations

The Japanese advertising and competition laws have been transformed in recent years. Before the restructuring, the Japan Fair Trade Commission (JFTC) was dealing with everything related to advertising and competition law. This changed and now the Consumer Affairs Agency (CAA) now has control over everything related to advertising la, whereas the JFTC focuses on competition law.[219]

The Act against Unjustifiable Premiums and Misleading Representations (AUPMR):

This act forbids the use of expressions that can be misleading to consumers. It also forbids the use of claims that are not backed up by facts. The act also regulates dual pricing, which is a common marketing technique that is partly forbidden. As such it is forbidden for companies to show a higher price than an actual previous one besides the current price to make it look more attractive. Companies are also not allowed to come up with random prices of their competitors; these must be fact based as well. False information about future price-hikes is not allowed to be published either. If companies do advertise certain discounts, they are not allowed to do so continuously, but they should have some time in between them. Moreover, it is it not allowed to advertise products when the consumer is not aware that these products are advertised (stealth marketing).

The Health Promotion Act

This act forbids the use of claims on foodstuff in terms of food marketing if these are unconfirmed. There needs to be enough evidence for companies to use a claim to promote their products. For example, if a product claims to lower one's cholesterol, then evidence to proof that claim needs to be available. More details on labelling rules more specifically can be found in section 4.2.3.

Other acts that may play a lesser role in the advertisement of food are:

- The Act on Pharmaceuticals and Medical Devices
- The Medical Care Act
- The Act on Specified Commercial Transactions
- The Outdoor Advertisement Act

[219] Advertising & Competition (2022). https://www.eubusinessinjapan.eu/procedures/regulatory-legal-issues/advertising-competition

Alcohol advertisement

The advertisement of alcohol in Japan is not forbidden by any act or regulation but rather is regulated through voluntary rules that have been adopted by the industry. These rules include:

- Alcohol should not be advertised on TV between 5 am and 6 pm
- TV or radio advertisement should only air after a programme that is usually watched / listened to by people of legal drinking age which is 20 years in Japan
- Warnings about the effects of drinking should be given
- Personalities or characters that appeal to younger generations should not be used in ads
- There should be warning for pregnant women or nursing mothers about the effects that alcohol could have on their babies
- Warnings to not drink alcohol under the legal drinking limit should be included as well

All these warnings should be broadcasted in a specific way. This means that for example, specific wording needs to be used, or that the warnings need to be given at a specific time.[220]

[220] Advertising and Marketing in Japan (2021), https://www.aplawjapan.com/archives/pdf/Getting_the_Deal_Through_Advertising_and_Marketing_2020.pdf

7 Japanese Etiquette

7.1 Quick facts

Being aware of cultural and business etiquette in Japan might ensure better odds of success as well as avoid any confusion when meeting with Japanese trade partners.

There are four different writing systems in Japan: Romaji, Katakana, Hiragana, and Kanji. English is not a widely spoken language. Furthermore, many Japanese people worry about their English skills and fear saying something incorrectly.

Business cards are an essential part of the corporate culture in Japan. The Japanese will do business with a company only if they feel that they can trust the individuals that they meet. Japanese tend to be fascinated by creative and original ideas.

When invited to someone's house it is polite to make a slurping sound when eating soups. Sticking the chopsticks straight up in a bowl of rice is rude. It is considered rude to leave a dirty plate covered with a pile of napkins and garbage. It is common to allow people seated close to pour your drinks from their bottles.

When giving gifts it is considered rude to give a present to only one person when in a group of many people. Presents are much appreciated at the end of a meeting or encounter.

A further list of dos and don'ts are mentioned in detail in section 7.2 below.

7.2 Key DOs and DON'Ts

Dos	Don'ts
• If you are in need for a conversation topic you can speak about your counterpart's hometown or prefecture as many people are proud of where they come from. Topic can include interesting natural landscapes or typical products of the area. • As the Japanese highly value their personal space it is important to respect it. Always ask for permission before entering someone's personal space. For example, always ask before putting food on someone else's plate. • It is the norm to be modest and humble. You should slightly disagree if someone compliments you because this as seen as polite.	• It is important not to assume that everyone in Japan is the same. Even though people are likely to have a similar behaviour set by their culture it does not mean everyone does or sees things the same. • Do not be late or cancel meetings the last minute because it is viewed as rude. Punctuality is highly important in all matters of life in Japan. • The Japanese do not tend to directly criticise each other. Thus, do not criticise a Japanese too bluntly as they are likely to take it personally. • Do not refer to stereotypes of the Japanese culture as unusual or weird.

• Always be on time as punctuality is very important to the Japanese. Apologize in advance in case you cannot make it on time. • Bow when you meet people as it is the normal form of greeting people in Japan. A bow can take several forms depending on the social relationship of the people involved. • It is important to leave your counterpart enough space to speak as Japanese usually tend to leave a period of silence before answering. It is viewed as polite not to interrupt the counterpart. • The Japanese communication style is very indirect which is why you will have to try and read between the lines. There might be "hidden" messages within what they are saying. • You should follow Japanese etiquette and customs as well as you can as this will be appreciated because certain customs and norms make up important parts of the everyday life in Japan.	• Avoid talking about the second World War as is a sensitive topic. If the topic comes up anyway do not talk about the actions of Japanese people.[221] • When visiting someone's home do not leave on your shoes and do not just sit down anywhere. Wait until you are seated. • If you disagree with someone do not discuss it in front of other people but rather in private.[222] • Do not blow your nose in public, point your finder at people, or keep your hands in your pockets as these things are seen as impolite.

[221] Do's and Don'ts (2021), https://culturalatlas.sbs.com.au/japanese-culture/japanese-culture-do-s-and-don-ts#japanese-culture-do-s-and-don-ts

[222] Business culture (2021), https://culturalatlas.sbs.com.au/japanese-culture/japanese-culture-business-culture#japanese-culture-business-culture

8 Directory of Trade Support Projects, Organisations, and Service Providers

There are a variety of services available, both within the EU and in Japan, for producers wishing to export to Japan. These service providers include EU-funded projects, services provided by the Member States and their embassies, other organizations and service providers, as well as buyers, importers, and distributors.

- Section 8.1 contains the project profiles for EU-funded initiatives operating in Japan.
- Section 8.2 contains the contact information for Member State embassies within Japan.
- Section 8.3 contains a listing of service providers including some information on the services available.
- Section 8.4 provides a calendar of exhibitions, trade shows, and other events to be held in Japan in 2022-23.
- Section 8.5 contains a database of professionals' contacts (buyers, importers, and distributors).

8.1 European Union Organisations

Several EU funded, or co-funded, projects within Japan offer a range of business facilitation services and information providing important insights into the Japanese market. Depending on your company profile these services can be free or fee based; and are available for companies from any EU Member State.



EU-Japan Centre
for Industrial Cooperation
日欧産業協力センター

The EU-Japan Centre for Industrial Cooperation

The EU-Japan Centre for Industrial Cooperation is a unique venture between the European Commission and the Japanese Government. It is a non-profit organisation established as an affiliate of the Institute of International Studies and Training (IIST). It aims at promoting all forms of industrial, trade and investment cooperation between the EU and Japan and at improving EU and Japanese companies' competitiveness and cooperation by facilitating exchanges of experience and know-how between EU and Japanese businesses.

Contacts

Rue Marie de Bourgogne 52

B-1000, Brussels, Belgium

☏ + 32 2 282 00 40

www.eu-japan.eu

The European Business Council in Japan

The European Business Council (EBC) in Japan is the trade policy arm of 17 European National Chamber of Commerce and Business Associations in Japan and has been working to improve the trade and investment environment for European companies in Japan since 1972. The EBC was registered with the Ministry of Economy, Trade and Industry (METI) in 2008 as the European (EU) Chamber of Commerce in Japan.

The EBC currently works for around 2,500 local European corporate and individual members through fees paid via their respective national chamber of commerce. Some 350 companies participate directly in one or more of the EBC's 24 industry committees, whose work covers a wide variety of economic sectors, including food and agriculture.

Contacts

Sanbancho POULA Bldg. 2F, 6-7 Sanbancho, Chiyoda-ku, Tokyo 102-0075

☏ +81 3 3263 6222

www.ebc-jp.com

Delegation of the European Union to Japan

The EU delegation in Japan represents the common interests of the European Union in Japan and works on enhancing and developing trade relations between the two markets. Except for consular tasks, the delegation in Tokyo functions like an embassy. It is a diplomatic mission to represent the European Union in Japan.

Contacts

Europa House, 4-6-28 Minami-Azabu, Minato-ku

Tokyo 106-0047

☎ (+81) 3-5422-6001

✉ delegation-japan@eeas.europa.eu

https://www.eeas.europa.eu/japan/

8.2 Directory of EU Member State Embassies/Consulates

EU MS	Address	Contact information
Austria *(Embassy)*	1-1-20, Moto Azabu, Minato-ku Tokyo 106-0046	☎ (+81/3)3451-8281 ✉ contact via website https://www.bmeia.gv.at/en/austrian-embassy-tokyo/
Belgium *(Embassy)*	〒102-0084 Nibancho 5-4, Chiyoda-ku Tokyo, Japan	☎ +81 (0)3-3262-0191 ✉ Tokyo@diplobel.fed.be https://japan.diplomatie.belgium.be/en
Bulgaria *(Embassy)*	Yoyogi 5-36-3, Shibuya-ku, Tokyo 151-0053	☎ +81 3 3465 1021 ✉ Embassy.Tokyo@mfa.bg www.mfa.bg/embassies/japan
Croatia *(Embassy)*	3-3-10 Hiroo, Shibuya-ku Tokyo 150-0012	☎ +81 3 5469 3014 ✉ tokyo@mvep.hr https://mvep.gov.hr/jp
Czech Republic *(Embassy)*	16-14, Hiroo 2-chome Shibuya-ku Tokyo 150-0012	☎ +81 3 3400 8122 ✉ tokyo@embassy.mzv.cz http://www.mzv.cz/tokyo
Denmark *(Embassy)*	29-6, Sarugaku-cho Shibuya-ku, Tokyo 150-0033	☎ +81 (0)3 3496 3001 ✉ tyoamb@um.dk http://japan.um.dk/
Estonia	2- 6- 15 Jingu-mae	☎ +81 3 54 12 72 81

EU MS	Address	Contact information
(Embassy)	Shibuya-ku Tokio 150-0001	✉ Embassy.Tokyo@mfa.ee 💻 http://www.estemb.or.jp/est
Finland *(Embassy)*	3-5-39, Minami-Azabu, Minato-ku Tokyo 106-8561	☎ +81 3 5447 6000 ✉ sanomat.tok@formin.fi 💻 http://www.finland.or.jp
France *(Embassy)*	4-11-44, Minami-Azabu, Minato-ku, Tokyo 106-8514	☎ +81 3 5798-6000 ✉ infoconsul.tokyo-amba@diplomatie.gouv.fr 💻 https://jp.ambafrance.org/
Germany *(Embassy)*	4-5-10 Minami-Azabu Minato-ku, Tokyo 106-0047	☎ +81 3 5791 7700 ✉ info@tokyo.diplo.de 💻 https://japan.diplo.de/ja-de
Greece *(Embassy)*	3-16-30 Nishi-Azabu Minato-ku, Tokyo 106-0031	☎ + 81 3 3403 0871/2 ✉ gremb.tok@mfa.gr 💻https://www.mfa.gr/missionsabroad/japan.html
Hungary *(Embassy)*	2-17-14 Mita Minato-ku, Tokyo 108-0073	☎ +81 3 5730 7120/1 ✉ mission.tio@mfa.gov.hu 💻 https://tokio.mfa.gov.hu/
Ireland *(Embassy)*	Ireland House 2-10-7 Kojimachi Chiyoda-ku, Tokyo 102-0083	☎ +81 3 3263 0695 ✉ Contact via website 💻 https://www.dfa.ie/irish-embassy/japan/
Italy *(Embassy)*	2-5-4 Mita Minato-ku, Tokyo 108-8302	☎ +81 3 3453 5291/2 ✉ ambasciata.tokyo@esteri.it 💻https://ambtokyo.esteri.it/ambasciata_tokyo/it/
Latvia *(Embassy)*	37-11 Kamiyama-cho, Shibuya-ku, Tokyo, 150-0047	☎ +81 3 3467 6888 ✉ embassy.japan@mfa.gov.lv 💻 http://www.mfa.gov.lv/japan
Lithuania *(Embassy)*	3-7-18 Moto-Azabu Minato-ku, Tokyo 106-0046	☎ +81 3 3408 5091 ✉ amb.jp@urm.lt 💻 http://jp.mfa.lt/jp/lt/
Luxembourg *(Embassy)*	1F, Luxembourg House 8-9 Yonban-cho Chiyoda-ku, Tokyo 102-0081	☎ +81 3 3265 9621 ✉ tokyo.amb@mae.etat.lu 💻 https://tokyo.mae.lu
Malta *(Embassy)*	Kamiyacho MT Bldg. 14th Floor 4-3-20 Toranomon Minato-ku Tokyo 105-0001	☎ 81 (0)3-5404-3450/1 ✉ maltaembassy.tokyo@gov.mt

EU MS	Address	Contact information
		💻https://foreign.gov.mt/en/embassies/me_tokyo/pages/me_tokyo.aspx
The Netherlands *(Embassy)*	3-6-3 Shibakoen, Minato-ku Tokyo 105-0011	☏ +81357765400 ✉ Contact via website 💻https://www.nederlandwereldwijd.nl/contact/ambassades-consulaten-generaal/japan/ambassade-tokio
Poland *(Embassy)*	2-13-5 Mita, Meguro-ku Tokyo 153-0062	☏ +81 3 5794 7020 ✉tokio.amb.sekretariat@msz.gov.pl 💻 https://www.gov.pl/web/nippon
Portugal *(Embassy)*	5F, Kamiura Kojimachi Bldg. 3-10-3 Kojimachi Chiyoda-ku, Tokyo 102-0083	☏ +81 3 5226 0614 ✉ portugal@embportjp.org 💻 http://embaixadadeportugal.jp/pt/
Romania *(Embassy)*	3-16-19 Nishi Azabu, Minato-ku, Tokyo-to 106-0031	☏ +81 3 3479 0311 ✉ tokyo@mae.ro 💻 http://tokyo.mae.ro
Slovakia *(Embassy)*	2-11-33, Moto-Azabu, Minato-ku, 106-0046, Tokyo	☏ +81 3 3451 2200 ✉ emb.tokyo@mzv.sk 💻 https://www.mzv.sk/web/tokio
Slovenia *(Embassy)*	14-12 Minamiaoyama 7-chome Minato-Ku Tokyo 107- 0062	☏ + 81 3 54 68 62 75 ✉ vto@gov.si 💻 http://www.tokyo.embassy.si/
Spain *(Embassy)*	1-3-29 Roppongi Minato-ku, Tokyo 106-0032	☏ +81 3 3583 8531 ✉ emb.tokio@maec.es 💻https://www.exteriores.gob.es/Embajadas/tokio/es/Paginas/index.aspx
Sweden *(Embassy)*	1-10-3-100 Roppongi Minato-ku, Tokyo 106-0032	☏ +81 3 5562 5050 ✉ ambassaden.tokyo@gov.se 💻https://www.swedenabroad.se/ja/embassies/japan-tokyo/#

8.3 Other organisations and service providers

8.3.1 Trade promotion organisations (TPOs) and agri-food promotion organisations (APOs)

In-country offices

EU MS	Address	Contact information
Belgium (Wallonia) AVEX - Wallonia Export & Investment Agency (TPO)	c/o Embassy of Belgium 5-4 Nibancho	☏ 0081 3 3262 0951 ✉ tokyo@awex-wallonia.com
Belgium (Flanders) FIT - Flanders Investment & Trade	c/o Embassy of Belgium 5-4 Nibancho, Chiyoda-ku, Tokyo 102-0084 JAPAN	☏ 0081 3 5210 5884 ✉ tokyo@fitagency.com
Cyprus MECI - Trade Service of the Ministry of Energy, Commerce and Industry (TPO)	Europa House, 4th Floor, 4-6-28 Minami-azabu, Minato-Ku, 106-0047 Tokyo, Japan	☏ 0081 3 6432 5040/41/42 ✉ tokyocy@mfa.gov.cy
France Business France in Japan (TPO)	c/o Ambassade de France au Japon 4-11-44 Minami-Azabu, Minato-ku, Tokyo 106-8514	☏ 0081 3 5798 6079 ✉ akiko.hori@businessfrance.fr
Greece Enterprise Greece (TPO)	Hellenic Republic Ministry of Foreign Affairs- Greek Embassy in Tokyo 3-16-30 Nishi-Azabu, Minato-Ku	☏ 0081 3 3404 5853 ✉ ecocom-tokyo@mfa.gr 💻 http://agora.mfa.gr
Ireland BordBia - The Irish Food Board (APO)	Embassy of Ireland Ireland House 2-10-7 Kojimachi Chiyoda-ku Tokyo 102-0083	☏ 0081 80 7526 0083 ✉ joe.moore@bordbia.ie
Italy ITA - Italian Trade Agency (TPO)	Shin Aoyama West Bddg.,16th gloor - 1.1.1 Minami Aoyama-Ku 107-0062, Tokyo	☏ 0081 3 3475 1401 ✉ tokyo@ice.it
Spain ICEX - Espana Exportaciones e inversions (TPO)	3Fl, 1-3-29, Roppongi, Minato-ku 106-0032	☏ 0081 3 5575 0431 ✉fernando.hernandez@comercio.mineco.es

Central offices inside EU Member States

EU MS	Address / location	Contact information
Austria Agrarmarkt Austria Marketing (APO)	Austria	💻 https://www.ama.at/Home
Belgium (Flanders) FIT (TPO)	Belgium	☏ 0032 2 504 87 11 ✉ michele.surinx@fitagency.be 💻 www.flandersinvestmentandtrade.com
Belgium (Flanders)	Koning Albert II-laan 35 box 50 - 1030 Brussels	☏ +32 491861700

EU MS	Address / location	Contact information
Flanders' Agricultural Marketing Board (APO)	Belgium	✉ gert.vancausenbroeck@vlam.be; export@vlam.be 💻 https://www.vlaanderen.be/vlam/
Belgium (Wallonia) AWEX / Wallonia-Brussels, (TPO)	Place Sainctelette 2, Brussels, Belgium	☎ 0032 4 7485 1217 ✉ agrifood@awex.be 💻 http://wallonia.be/fr/investir
Belgium (Brussels) Hub.Brussels (TPO)	Belgium	💻 https://hub.brussels/en/
Bulgaria Bulgarian Small and Medium Enterprises Promotion Agency (TPO)	Bulgaria	💻 https://www.sme.government.bg/en/
Cyprus Trade Service of the Ministry of Energy, Commerce and Industry (TPO)	6, Andreas Araouzos Street, 1421, Nicosia, Cyprus	☎ 00357 22 867268 ✉ ts@meci.gov.cy 💻http://www.mcit.gov.cy/mcit/mcit.nsf/index_en/index_en
France Business France	77 Boulevard Saint-Jacques, 75014 Paris, France	☎ 0033 1 40 73 33 94 ✉ agroalimentaire@businessfrance.fr 💻 https://www.businessfrance.fr/
France SOPEXA (APO)	France	☎ (+33) 01 55 37 50 00 ✉ mybusiness@sopexa.com
Estonia Enterprise Estonia (TPO)	Estonia	☎ 0037 2 627 9421 ✉ info@eas.ee 💻 https://www.eas.ee/?lang=en
Germany Federation of German Food and Drink (APO)	Germany	☎ 0049 302 00 78 61 57 ✉ bve@bve-online.de 💻 https://www.bve-online.de/english
Greece Enterprise Greece / Office of Economic and Commercial Affairs (TPO)	Greece	💻 https://www.enterprisegreece.gov.gr/en/
Hungary Hungarian Export Promotion Agency (TPO)	Hungary	☎ (+36) 1 922 2600 ✉ info@hepa.hu 💻 https://hepa.hu/en
Ireland Enterprise Ireland (TPO)	Ireland	💻 https://www.enterprise-ireland.com/en/
Ireland BoardBia (APO)	Ireland	💻 https://www.bordbia.ie/
Italy Italian Trade Agency (TPO)	Via Liszt 21, Rome, Italy	✉ segreteria.marketing@ice.it 💻 https://www.ice.it/en/
Lithuania Enterprise Lithuania (TPO)	Lithuania	💻 https://www.verslilietuva.lt/en/
Malta Trade Malta (TPO)	Malta	💻 https://www.trademalta.org/

EU MS	Address / location	Contact information
Netherlands Netherlands Enterprise Agency (TPO)	Netherlands	💻 https://english.rvo.nl/
Portugal Portuguese Trade & Investment Agency – AICEP (TPO)	Portugal	💻 https://www.portugalglobal.pt/EN/Pages/Index.aspx
Slovenia Spirit Slovenia (TPO)	Slovenia	✉ sonja.demsar@spiritslovenia.si; info@spiritslovenia.si 💻 https://www.sloveniabusiness.eu/
Spain FIAB (APO)	Spain	☎ 0034 91 411 72 11 ✉ internacionalizacion@fiab.es
Spain ICEX	Paseo de la Castellana, 278 - 28046 Madrid, Spain	✉ maria.naranjo@icex.es 💻 https://www.icex.es/icex/es/index.html

8.3.2 Other service providers

Service provider	Address	Contact information
SERVICES FOR AUSTRIAN COMPANIES		
Advantage Austria Tokyo	3-13-3 Motoazabu, Minato-ku 106-0046 Tokyo Japan	☎ 0081 3 3403 1777 ✉ tokyo@advantageaustria.org 💻 www.advantageaustria.org/jp
SERVICES FOR BELGIAN COMPANIES		
Belgium-Luxembourg chamber of commerce in Japan	Dai 10 Daitetsu Bldg. 5F, Arakicho 23 Shinjuku-ku, Tokyo	☎ 0081 3 6457 8662 ✉ info@blccj.or.jp 💻 https://blccj.or.jp/
SERVICES FOR BULGARIAN COMPANIES		
Bulgarian Chamber of Commerce and Industry	Sofia 1058, 9 Iskar Str	☎ (+359 2) 8117 400 ✉ bcci@bcci.bg 💻 https://www.bcci.bg
SERVICES FOR CROATIAN COMPANIES		
Croatian Chamber of Economy	Rooseveltov trg 2, 10000 Zagreb, Croatia	✉ investicije@hgk.hr; hgk@hgk.hr 💻 www.investincroatia.hr
SERVICES FOR CZECH COMPANIES		
Czech Chamber of Commerce and Industry in Japan	1-14-2 Renkoji Tama Tokyo 206-0021 JAPAN	✉ secretary@cccij.com 💻https://www.cccij.com/inpage/about-cccij/
SERVICES FOR CYPRIOT COMPANIES		
Cyprus Chamber of Commerce and Industry	38, Grivas Dhigenis Ave. & 3, Deligiorgis Str., P.O.Box 21455, 1509 Nicosia	☎ +357 22889800 ✉ chamber@ccci.org.cy
SERVICES FOR DANISH COMPANIES		

Service provider	Address	Contact information
The Danish Chamber of Commerce Japan	C/O The Royal Danish Embassy Tokyo 29-6 Sarugaku-cho Shibuya-ku, Tokyo 150-0033	✉ info@dccj.org 💻 https://www.dccj.org/
SERVICES FOR DUTCH COMPANIES		
Netherlands Chamber of Commerce in Japan	7 F-2 Shinjuku Komuro Building, 4-1-22 Shinjuku Shinjuku-ku	☎ 048-952-3250 ✉ nccjapan@gmail.com 💻 https://www.nccj.jp/
SERVICES FOR ESTONIAN COMPANIES		
Estonian Chamber of Commerce & Industry	Toom-Kooli 17, 10130 Tallinn	☎ +372 604 0060 ✉ koda@koda.ee
SERVICES FOR FRENCH COMPANIES		
CCI France-Japon	Nihonbashi Honcho YS Building 2-2-2 Nihonbashi Honcho 2F Chuo-ku 103-0023 Tokyo	✉ contact via website 💻 https://www.ccifj.or.jp/
SERVICES FOR GERMAN COMPANIES		
AHK Japan	Sanbancho KS Bldg. 5F 2-4 Sanbancho, Chiyoda-ku Tokyo	☎ 0081 3 5276 9811 ✉ info@dihkj.or.jp 💻 https://japan.ahk.de/
SERVICES FOR GREEK COMPANIES		
Union of Hellenic chamber of commerce	6 Akadimias, Athens	☎ +210 3387 104 ✉ keeuhcci@uhc.gr 💻 https://www.uhc.gr/
SERVICES FOR HUNGARIAN COMPANIES		
Hungarian chamber of commerce and industry	7 Szabadsag, Budapest	☎ +36 1 474 5100 ✉ mkik@mkik.hu 💻 https://mkik.hu/
SERVICES FOR IRISH COMPANIES		
Enterprise Ireland	East point business park, Dublin 3	☎ +353 1 727 2000 ✉ Contact through website 💻 https://www.enterprise-ireland.com/
SERVICES FOR ITALIAN COMPANIES		
Italian chamber of commerce in Japan	FBR Mita Bldg. 9F 4-1-27 Mita, Minato-ku 108-0073 Tokyo	☎0081(3)-6809-5802 ✉ iccj@iccj.or.jp 💻 https://iccj.or.jp/
SERVICES FOR LATVIAN COMPANIES		

Service provider	Address	Contact information
Latvian Chamber of commerce and industry	35 Krisjana Valdemara str., Riga, LV-1010, Latvia	☏ +371 67225592 ✉ info@chamber.lv
SERVICES FOR LITHUANIAN COMPANIES		
Lithuanian Chamber of commerce and industry	Vašingtono sq. 1-63a, LT-01108 Vilnius	☏ +370 2613 102 ✉ info@chambers.Lt 💻 https://chambers.lt/en/
SERVICES FOR LUXEMBURG COMPANIES		
Belgium-Luxembourg chamber of commerce in Japan	Dai 10 Daitetsu Bldg. 5F, Arakicho 23 Shinjuku-ku, Tokyo	☏ 0081 3 6457 8662 ✉ info@blccj.or.jp 💻 https://blccj.or.jp/
SERVICES FOR MALTESE COMPANIES		
The Malta Chamber of Commerce, Enterprise and Industry	64, Republic Street, Valletta, Malta	☏ + 356 2203 2000 💻 https://www.maltachamber.org.mt/
SERVICES FOR POLISH COMPANIES		
Polish Chamber of Commerce and Industry in Japan	2F, Kobunecho 243 Bldg., 7-2 Kobune-cho, Chuo-ku, Tokyo	☏ +81-3-3665-1991 ✉ contact via website 💻 https://www.pccij.or.jp/
SERVICES FOR PORTUGUESE COMPANIES		
Camara de comercio (Portuguese Chamber of commerce)	Rua Das portas de Santo Antao,89	☏ + 351 213 224 050 ✉ geral@ccip.pt 💻 https://www.ccip.pt/en/
SERVICES FOR ROMANIAN COMPANIES		
Chamber of Commerce and Industry of Romania	Address: 2, Octavian Goga Blvd, sector 3, 030982 Bucharest	☏ +40 21 3117534 ✉ narcis.pirnau@ccir.ro 💻 www.ccir.ro
SERVICES FOR SLOVAK COMPANIES		
Slovak Chamber of Commerce & Industry	Gorkého 9, 81603 Bratislava, Slovakia	☏ +421 2 54433272
SERVICES FOR SLOVENIAN COMPANIES		
Chamber of Commerce and Industry of Slovenia	Dimičeva 13, SI-1504 Ljubljana	☏ +386 1 5898 000 ✉ info@gzs.si
SERVICES FOR SPANISH COMPANIES		
ASEMPEA	Velazquez 37 Madrid	☏ +34 91 420 24 27 ✉ info@asempea.com 💻 https://www.asempea.com/
SERVICES FOR SWEDISH COMPANIES		
Swedish Chamber of Commerce and Industry in Japan	1-10-3-403 Roppongi, Minato-ku, Tokyo 106-0032	✉ office@sccj.org 💻 https://www.sccj.org/

8.4 Calendar of trade events and exhibitions 2022/2023

Event	Date	Recurrence	Venue	Organiser Details
October 2022				
Food Selection	12th 13th	Annual	Tokyo Big Sight	☏ 0081-3-3282-7712 ✉ info@food-selection.com 💻 https://food-selection.com/
AGRO-Innovation TOKYO - VEGETABLES & FRUITS	26th – 28th	Annual	Tokyo Big Sight	☏ 0081-3-3434-3453 ✉ ai-e@jma.or.jp 💻 https://jma-agro.com/
November 2022				
ACCI Gusto	1st – 2nd	Annual	Tokyo Metropolitan Industrial Trade Center Hamamatsucho-kan	☏ 0081-3-6427-6883 ✉ Contact via Website 💻 https://www.a-c-c-i.com/gusto/
Multimedia&Mail Order Food Trade Show	1st – 2nd	Annual	Tokyo traffic hall	☏ 0081 3-5775-2855 ✉ Contact via Website 💻 https://www.tsuhanexpo.com/
FOOD STYLE Kyushu	9th – 10th	Annual	Marine Messe Fukuoka	☏ 0081-3-6812-9423 ✉ foodstyle@innovent.co.jp 💻 https://foodstyle.jp/kyushu/
West Food Industry Creation Exhibition	16th – 18th	Annual	Marine Messe Fukuoka, Fukuoka, Japan	☏ 092-271-5715 ✉ Contact via website 💻 https://www.nikkanseibu-eve.com/food/
West Japan Food Industry Exhibition	16th – 22nd	Annual	Marine Messe Fukuoka	☏ 0081-92-271-5715 ✉ foodinfo@media.nikkan.co.jp 💻 https://www.nikkanseibu-eve.com/food/
The Great Okinawa Trade Fair	24th – 25th	Annual	Okinawa Convention Center	☏ 0081-98-851-7463 ✉ daikouekikai@okinawa-ric.or.jp 💻 https://gotf.jp/2022/
EXPAT EXPO TOKYO	25th – 26th	Annual	Tokyo Metropolitan Industrial Trade Center Hamamatsucho-kan	☏ 0081-3-6812-9427 ✉ expat@innovent.co.jp 💻 https://www.expat-expo.jp/
FOOD STYLE Okinawa	29th – 30th	Annual	Okinawa Convention Center	☏ 0081-3-6812-9423 ✉ o-foodstyle@innovent.co.jp 💻 https://foodstyle.jp/okinawa/
December 2022				
Drink Japan	7th – 9th	Annual	Makuhari Messe, Chiba	☏ 0081-3-3349-8509 ✉ drink-j.jp@rxglobal.com 💻 https://www.drinkjapan.jp/en-gb.html

Event	Date	Recurrence	Venue	Organiser Details
January 2023				
COSME Week	11th – 13th	Annual	Tokyo Big Sight	☎ 0081-3-3349-8587 ✉ cosme.jp@rxglobal.com 💻 https://www.cosme-week.jp/hub/ja-jp.html
FOOD STYLE Kansai	25th – 26th	Annual	INTEX OSAKA	☎ 0081-3-6812-9423 ✉ k-gaishokubusiness@innovent.co.jp 💻 https://foodstyle.jp/kansai/
February 2023				
International Hotel & Restaurant Show	7th – 10th	Annual	Tokyo Big Sight	☎ 0081-3-3434-1377 ✉ hcj@jma.or.jp 💻 https://jma-hcj.com/
Medicare Foods Exhibition	8th – 10th	Annual	Tokyo Big Sight West Halls	☎ 0081-3-5296-1009 ✉ info@care-show.com 💻 https://www.care-show.com/medicarefoods/
Health & Wellness Japan	8th – 10th	Annual	Tokyo Big Sight West Halls	☎ 0081-3-5296-1025 ✉ h-expo-jp@informa.com 💻 https://www.this.ne.jp/
SMTS - Supermarket Trade Show	15th – 17th	Annual	Chiba, Makuhari Messe	☎ ✉ Contact via website 💻 https://www.smts.jp/jp/index.html
March 2023				
Japan International Franchise Show	1st – 3rd	Annual	Tokyo Big Sight	☎ +81-50-5542-8600 💻 https://messe.nikkei.co.jp/fc/
FOODEX JAPAN	7th – 10th	Annual	Tokyo Big Sight	☎ 0081-3-3434-3453 ✉ foodex@jma.or.jp 💻 https://www.jma.or.jp/foodex/
April 2023				
Good Foods EXPO Spring	5th – 7th	Newly listed	Tokyo Big Sight	☎ 0081-3-3349-8505 ✉ lifestyle-eng.jp@rxglobal.com 💻 https://www.lifestyle-expo-spring.jp/
Wine and Gourmet Japan	12th – 14th	Biennial	Tokyo Big Sight	☎ 0081 3 5357 1280 ✉ takagi@koelnmesse.jp 💻 https://www.wineandgourmetjapan.com/
June 2023				
FOOMA JAPAN	6th – 9th	Annual	Tokyo Big Sight East Hall 1	☎ 0081 3 6809-3745 ✉ Contact via Website 💻 https://www.foomajapan.jp/int/
July 2023				
Foodex Japan	12th – 14th	Annual	INTEX Osaka	✉ Contact via Website 💻https://www.jma.or.jp/foodex/en/about/index.html

Event	Date	Recurrence	Venue	Organiser Details
August 2023				
CAFERES Japan	2nd – 4th	Annual	Tokyo Big Sight, Koto, Japan	☎ 0081 3 5363 1701 ✉ info@caferes.jp 💻 https://caferes.jp/en/

8.5 Database of professionals' contacts

8.5.1 List of relevant buyers, importers, and distributors

Company name	Type	Area of interest	Contact information
AGRI Yokohama Wine Collection	Import/Distribution	Wine	☎ +81 45-212-5588 ✉ contact via website 💻 https://www.ywc.co.jp/
Alcotrade Trust	Import/Distribution	Wine	✉ contact via website 💻 http://alcotrade.com/
Alishan Organics	Distribution	Vegetables and Vegetarian food	☎ +81 42-982 4811 ✉ tengu@alishan.jp 💻 https://store.alishan.jp/en/
ANA Foods	Import	Fruit and vegetables	☎ +81 3-6852-0100 ✉ info@anafoods.co.jp 💻 https://www.ana-foods.co.jp/en/
Apero Wineshop	Import/Distribution	Wine	✉ info@aperowines.com 💻 https://aperowines.com/en
Budouya	Import/Distribution	Wine	✉ contact via website 💻 https://www.budouya.jp/
Claret Co. Ltd.	Import/Distribution	Wine	☎ +81 44 431 2788 ✉ info@claret.co.jp 💻 https://www.claret.co.jp/
Classic Fine Foods	Disribution	Fine Foods	☎ +81 3 6823 4141 ✉ cffj@classicfinefoodsjapan.com 💻 https://www.classicfinefoods.jp/
Coeur	Import/Distribution	Wine	✉ contact via website

Company name	Type	Area of interest	Contact information
			💻 http://www.a-coeur.net/
Cordon Vert Co. Ltd.	Retailer/ Wholesaler	Beverages	☏ +81 2 2742 3120 💻 http://www.cordonvert.jp/
Deli Nippon	Import	F&B	✉ contact via website 💻 https://www.delinippon.com/
DENIS Japan	Distribution	F&B (France)	✉ contact via website 💻 https://www.denisjapan.jp/english/
E.A.T Japan Ltd.	Import/ Distribution	F&B	☏ +81 3 3451 3398 ✉ EAT@eat.co.jp 💻 http://www.e-a-t.co.jp/
Eiko Kaiun Co Ltd.	Import	F&B	☏ 45 641 45322 ✉ contact via website 💻 https://eiko-kaiun.co.jp/
El Olivo Japan Retail	Import/ Distribution	Olive oil	☏ +81-3-6261-5248 ✉ eloj@katarunya.com 💻 https://www.olivo.co.jp/
Eurovin Japan	Wholesaler/ Retailer	Wine	☏ +81 (0)6 4705 4321 ✉ info@eurovin.co.jp 💻 http://www.eurovin.co.jp/
Ezaki Glico Co., Ltd.	Import/ Distribution	F&B (mainly confectionery)	☏ + 81 6 6477 8352 ✉ g-ingredients@glico.com 💻 https://www.glico.com/
Family Mart	Retailer	F&B	☏ +81 3 3989 6600 💻 http://www.family.co.jp/
FIC Wine	Wholesaler/ Retailer	Wine	☏ +81 (0)3 3539 5415 ✉ info-wine@ficjpn.co.jp 💻 https://www.ficwine.com/
Firadis Ltd	Wholesaler	Wine	☏ +81 (0)4 5285 0055 💻 https://firadis.net/

Company name	Type	Area of interest	Contact information
First International Corporation	Import/ Distribution	F&B (olive oil, wine)	☏ +81 1 7871 2282 ✉ info@firstintl.co.jp 💻 http://www.firstintl.co.jp/en/
Funasho	Import/ Distribution	Fruit and vegetables	✉ contact via website 💻https://www.funasho-s.co.jp/eng/index.html
Fukushima Saketen	Retailer	Alcoholic beverages	☏ +81 (0)9 8764 0271 💻 http://fukushimasaketen.com/
Genky Stores, Inc.	Retailer	F&B	☏ +81 7 7667 5240 💻 http://www.genky.co.jp/
Guki Cellars	Retailer	Wine	☏ +81 (0)4 5232 4499 ✉ service@gukicellars-online.jp 💻 https://gukicellars-online.jp/
Harimaya	Import/Distribution	Wine (Portugal)	☏ +81 42-673-7108 ✉ harimaya@w-harimaya.co.jp 💻 https://www.w-harimaya.co.jp/
Hinoya Co Ltd.	Wholesaler	Alcoholic beverages	✉ contact via website 💻 https://hinoya.shop/en
Iconic Wine Japan	Wholesaler/Retailer	Wine	☏ +81 (0)3 5848 8344 ✉ info@iconicwinejapan.com 💻 https://www.iconicwinejapan.com/
Inaba	Import	Wine	☏ +81 52 301 1441 ✉ contact via website 💻 https://www.inaba-wine.co.jp/en/
I Love Cheese	Wholesaler	Cheese, Charcuterie	✉ contact via website 💻 https://ilovecheese.jp/
Ikon Europubs	Import	Beer	☏ +81 3-5369-3601 ✉ contact via website 💻 https://www.htg-iep.com/

Company name	Type	Area of interest	Contact information
Itochu Shokuhin	Retailer/ Wholesaler	F&B	☏ +81 3 3497 2121 ✉ amlo@itochu.co.jp 💻 https://www.itochu-shokuhin.com/
Itoham Foods Inc.	Distribution	F&B (meat)	☏ +81 3 5723 6201 ✉ mpyamakt@itoham.co.jp 💻 http://www.sfoods.co.jp/
Japan Chain Store Association	Distribution	F&B	☏ + 81(0)3-5251-4600 💻 www.jcsa.gr.jp
J Group	Import	Meat (poultry)	✉ contact via website 💻 https://www.japanfoodservice.co.jp/
Kakaku	e-commerce	F&B	✉ contact via website 💻http://kakaku.com/
Kamei Co, Ltd.	Import	F&B	☏ +81 2 2264 6123 💻 http://www.kamei.co.jp/
Kato Sangyo Co Ltd.	Wholesaler	F&B (alcoholic drinks)	☏ +81-798-33-7650 💻 http://www.katosangyo.co.jp/en/
Kido Saketen	Retailer	Alcoholic beverages	☏ +81 09 2581 1456 💻 https://kidosaketen.com/
Kinoshita International	Wholesaler	Wine	☏ +81 (0)7 5681 0724 💻 https://www.kinoshita-intl.co.jp/
Kirin Holdings Co., Ltd.	Import	F&B	☏ +81 3 6837 7000 ✉ contact via website 💻 https://www.kirinholdings.co.jp/english/
Kokubu Tokyo	Retailer/ Wholesaler	F&B	☏ +81 3 3276 4146 💻 http://www.kokubu.co.jp/english/
Kosedosaketen	Retailer	Alcoholic beverages	☏ +81 (0)9 9268 3554 💻 http://kosedosaketen.com/
Kyoka	Importer	Fruit and vegetables	☏ +81-75-315-8212 💻 https://www.kyoka.co.jp/english/

Company name	Type	Area of interest	Contact information
Lacto Japan	Wholesaler	Dairy, Cheese	☏ +81 3 6281 9701 ✉ lacto@lacto-asia.com 💻 http://www.lactojapan.com/
Lawson Inc.	Retailer	F&B	💻 http://lawson.jp/en/
Liquor Shop Kawaguchi	Retailer	Alcoholic beverages (Whisky)	☏ +81 09 3921 8216 💻 https://sakehitosuji.com/
Maniki Muraya Co., Ltd.	Retailer	Alcoholic beverages	☏ +81 (0)5 3368 2417 💻 https://mantenya.jp/
Marubeni	Trading House	F&B	✉ contact via website 💻 https://www.marubeni.com/en/
Masuda	Wholesaler/ Retailer	Alcoholic beverages	☏ +81 (0)6 6491 1280 💻 https://masuda-jp.com/
Ministop	Retailer	F&B	☏ +81 4 3212 6471 💻 https://www.ministop.co.jp/english/
Mitsubishi Shokunin Co., Ltd.	Retailer/ Wholesaler	F&B (F&V)	☏ +81 3 3767 5111 💻https://www.mitsubishi-shokuhin.com/en/index.html
Mitsui Foods	Retailer/ Wholesaler	F&B	☏ +81 201 750 0500 ✉ foods@mitsuifoods.com 💻 http://www.mitsuifoods.com/
Monte discover and tase Italia	Import/Distribution	F&B (Italian)	☏ +81120-348-566 ✉ contact via email 💻 https://www.montebussan.co.jp
Morinaga Milk Industry Co., Ltd.	Distribution	Dairy	☏ +81 3 3798 0152 ✉ sa-yamashita@morinagamilk.co.jp 💻 http://www.morinagamilk.co.jp/english/
Mottox	Import/Distribution	Wine	✉ contact via website 💻 https://www.mottox.co.jp/
Muso Co., Ltd.	Import	Organic F&B	☏ +81 6 6316 6012 ✉ info@muso-intl.co.jp

Company name	Type	Area of interest	Contact information
			💻http://www.muso-intl.co.jp/
Nangoku	Wholesaler	Fruit and vegetables	💻 https://nangoku-f.co.jp/en/
National Assoc. of Supermarkets	Distributor	F&B	☏ +81(0)3-3255-4825 ✉ contact via website 💻 www.super.or.jp
NH Foods Ltd.	Import/ Distribution	Meat	☏ +81 3 4555 8250 💻 http://www.nipponham.co.jp/
Nippon Access Tokyo	Retailer/ Wholesaler	F&B	☏ +81 3 5435 5800 💻 http://www.nippon-access.co.jp/
Nosawa & Co. Ltd.	Import	Cheese, olive oil	✉ contact via website 💻 https://www.nosawa.co.jp/en/cheese/
Ocha No Igeta Co. Ltd	Retailer/ Wholesaler	F&B	☏ +81 2 2224 1371 💻 http://www.ocha-igeta.co.jp/
Okinawa Products Associated Co., Ltd.	Import	F&B	☏ +81 9 8859 6325 ✉ kaiji@washita.co.jp 💻 http://www.washita.co.jp/
Orca International	Import/Distribution	Wine	☏ +81 3-3803-1635 ✉ orcaorder@orca-international.com 💻 https://www.orca-international.com/
Overseas Trading Support Inc.	Import	F&B	☏ +81 5 3488 1338 ✉ info@otsjapan.com 💻 http://www.otsjapan.com/en
Pacific Yoko	Import	Confectionery, baked goods, wine	☏ +81-3-5542-8031 ✉ contact via website 💻 https://www.pacificyoko.com/
Patissier es Koyama	Import/ Distribution	Baked goods	☏ +81 79 564 3192 ✉ es-koyama@sea.sannet.ne.jp 💻 http://www.es-koyama.com/

Company name	Type	Area of interest	Contact information
Popolar Co., Ltd.	Retailer	F&B	☏ +81 8 2837 3500 💻 http://www.poplar-cvs.co.jp
Ringer Hut Co., Ltd.	HoReCa	F&B	☏ +81 3 5745 8611 💻 http://www.ringerhut.co.jp
Rocks Off	Retailer	Alcoholic beverages	☏ +81 466-24-0745 ✉ info@rocks-off.ocnk.net 💻 https://rocks-off.ocnk.net/
S Foods Inc.	Distribution	Meat	☏ +81 7 9843 1065 💻 http://www.sfoods.co.jp/
Sakurai Foods Co., Ltd.	Import	Organic food	☏ +81 5 7454 2251 ✉ info@sakuraifoods.com 💻 http://sakuraifoods.com/
Sanuki Kanzume Company	Import	Fruit and Vegetables	☏ +81 8 7567 3121 💻 http://www.sanukikanzume.co.jp/
Sanuki Livestock Foods Co., Ltd.	Import	Meat	☏ +81 8 7583 6262 ✉ contact@meatpia-sanuki.com 💻 http://www.meatpia-sanuki.com/
Sekai Cheese	Import/ Distribution	Cheese	☏ +81(0)6-6942-5331 ✉ contact via website 💻 https://www.sekai-cheese.co.jp/english/
Seven & Holding Co	Distribution	F&B	✉ contact via website 💻 https://www.7andi.com/
Seijo Ishii	Import	F&B	☏ + 45-329-2356 ✉ contact via website 💻 https://www.seijoishii.co.jp/en/
Shonan Wine Cellar	Retailer	Wine	☏ +81 (0)4 6725 4461 ✉ info@shonanwinecellar.com 💻 https://www.shonanwinecellar.com/
Sojitz	Trading House	F&B	✉ contact via website

Company name	Type	Area of interest	Contact information
			💻 https://www.sojitz.com/en/
SM Wines	Import	Wine	✉ info@smrwines.com 💻 http://www.smrwines.com/
Sozusho	Import/ Distribution	F&B	✉ contact via website 💻 https://www.suzusho.co.jp/english/
Sum & Co	Import/ Distribution	Wine	☎ +81 (0)4 5731 4620 💻 https://www.sum-com.jp/
Sumitomo Corporation	Trading House	F&B	✉ contact via website 💻 https://www.sumitomocorp.com/en/jp
Sun Eight	Wholesaler	Confectionery, baked goods	☎ +81 3-5414-1572 ✉ contact via website 💻 https://www.sun-eight.com/
The Flying Pig.com	e-commerce	F&B	💻 https://www.theflyingpig.com/
The Winery Tokyo	Retailer	Wine	☎ +81 3 6809 4420 ✉ info@thewinerytokyo.com 💻 https://www.thewinerytokyo.com/
The Meat Guy	e-commerce	Meat	☎ +81 52 618 3705 ✉ info@themeatguy.jp 💻 https://www.themeatguy.jp/en/
Tokyo Seika Co. Ltd.	Wholesaler	Fruit and vegetables	☎ +81 3-5492-2001 💻 https://www.tokyo-seika.co.jp/eng/
Two G Limited	Wholesaler/ Retailer	Wine	☎ +81 (0)7 8811 3006 ✉ gginfo@two-g.com 💻 http://www.two-g.com/
Toyota Tsushu Foods Corporation	Import	F&B	✉ contact@toyotsu-shokuryo.com 💻 https://www.toyotsu-shokuryo.com/en
United Foods International Co., Ltd.	Import	F&B	☎ +81 3 3295 7550 💻 http://www.ufi.co.jp/

Company name	Type	Area of interest	Contact information
Village Cellars E-commerce	e-commerce	Wine	☏ +81 766 72 8680 ✉ wine@village-cellars.co.jp 💻 http://www.village-cellars.co.jp/
Vin Passion – Japan	Wholesaler	Wine	☏ +81 (0)3 6402 5505 ✉ info@vp2004.net 💻 https://www.vinpassionco.com/
Vins d'Olive	Wholesaler/ Retailer	Olive oil, alcoholic drinks	☏ +81 (0)4 4299 9772 ✉ info@vinsdolive.com 💻 https://vinsdolive.com/
Vintners	Import	Wine	✉ import@vintners.co.jp 💻 https://www.vintners.co.jp/
Wine in Style	Wholesaler	Wine	☏ +81 3-5413-8831 ✉ info@wineinstyle.co.jp 💻 https://www.winetostyle.co.jp/
Whole Meat	Wholesaler	Meat	☏ +81 44-863-7308 ✉ contact via website 💻 https://wholemeat.jp/
Yakult Honsha Co., Ltd.	Import	Dairy	☏ +81 03 3574 8960 ✉ yakultph@nifty.com 💻 http://www.yakult.co.jp
Yamaehisano	Wholesaler	F&B	✉ trade@yamaehisano.co.jp 💻 http://www.yamaehisano.com/
Youki	Import/ Distribution	Fine foods	✉ contact via website 💻 https://www.youkitrading.co.jp/en/

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