

## Dig into Japan's food and beverage sector

Given the vast size of Japan's population of nearly 128 million people, the market for agriculture and food products in the country is immense. Japanese consumers value high-quality products and are generally willing to pay a premium for these products.

In 2003, Japanese households spent an annual average of \$8,840 on retail food purchases and \$5,146 on food-service purchases. Packaging is an important factor in purchasing decisions, since Japanese consumers tend to associate the quality of the packaging with the quality of the product.

Japanese consumers are also well informed about food trends, especially those concerning potential health benefits. There is high product development and consumer interest in the area of functional foods. After several recent food safety scares and scandals in Japan, food safety and traceability have become increasingly important to Japanese consumers.

Japan's domestic agricultural sector is small in scale, with only 13% (375,000 square kilometres) of the country's land available for cultivation. It is also highly subsidized. Rice, vegetable and egg production is nearly self-sufficient, and 60% of the country's fish and seafood consumption is provided domestically.

### Import-dependent market

Despite this level of production, Japan is capable of producing only 40% of the population's food needs and is therefore dependent on agricultural imports for the other 60%. The Japanese government has set a target of decreasing the proportion of imported food products to 45% by 2010, but this goal is not likely to be met. In fact, it is more likely that the share of imported food products will continue to increase as a result of decreasing domestic production and dietary trends that favour imports.

The import market for agri-food and seafood products is valued at \$73.7 billion. Fish and seafood products, meat and meat products, cereals and oilseeds, miscellaneous grains, fruits and seeds account for over half of Japan's total agri-food and seafood imports. Frozen fish and both fresh and frozen shellfish account for nearly 60% of Japan's fish and seafood imports, and boneless pork cuts account for over 60% of meat imports.



The top exporters of agriculture and food products to Japan are the United States (26% market share), China (14.3%), Australia (8.2%) and Canada (5.7%).

In 2004, Canada's top agriculture and food exports to Japan were fresh and frozen pork, canola seeds, wheat and meslin, crustaceans and soybeans. Canada is a major supplier of wheat to Japan, supplying nearly all of Japan's durum imports in 2004 (valued at \$70.4 million), and malt barley, supplying over 25% of Japan's malt imports (valued at \$76.8 million).

### Opportunities

Canadian exporters of products that respond to Japan's health food trend will find a receptive market. Bottled water, blueberries and functional milk products are popular in Japan, and lesser-known products such as cranberry and saskatoon berry products are attracting interest as well.

Opportunities exist for supplying healthy and functional foods targeted at niche markets, such as the aging Japanese population or the aging pet population. Processors and producers may benefit from highlighting their participation in Canada's various food safety programs, as well as in traceability initiatives through Canada's Agricultural Policy Framework. Canadian companies may also find research and development partnership opportunities with Japanese companies in the areas of functional foods and nutraceuticals.

As the Japanese population adopts a more Westernized diet, there is potential for export growth in an

almost limitless range of consumer food items, including cereal-based products, meats, organic food products, fresh and processed fruits and vegetables, dairy products, fish products, multi-ingredient foods, and non-alcoholic and alcoholic beverages.

Canada's strong private-label capabilities may be capitalized into an opportunity as retail chains attempt to differentiate themselves from the large foreign retail-



ers and as the consolidation of the wholesale sector creates less variety in product choice among retailers.

In April 2001, Japan introduced mandatory labelling of foods derived from biotechnology. Food processors are starting to look for non-genetically modified (non-GM) alternatives, such as non-GM soybeans. Canada's capability to produce non-GM soy and soy-related products may prove advantageous as organic soy-based products continue to grow in popularity. Canada's increasing number of organic producers may also be able to take advantage of the growing organic market in Japan.

Canada has a strong reputation with Japanese consumers and food processors for producing high-quality agricultural ingredients, such as barley and wheat. Canadian suppliers of food ingredients may capitalize on this reputation, as restaurants begin to adopt the guidelines developed by the Ministry of Agriculture, Food and Forestry to disclose the origin of the main food ingredients in their menus. In addition, Japanese food manufacturers continuously look for new food ingredient suppliers. Opportunities exist to supply ingredients including meats, vegetables, fruits, berries, confectioneries, juice concentrates, purees, herbs, seasonings, noodles and seafood.

The resumption of trade in Canadian beef from cattle aged 20 months and younger to Japan presents export opportunities for a variety of boneless beef products.

The Government of Canada has several programs and services to help Canadian firms gain a competitive advantage in international markets. For example, the Canadian Trade Commissioner Service ([www.infoexport.gc.ca](http://www.infoexport.gc.ca)) can help Canadian firms access many business opportunities in Japan. Export Development Canada ([www.edc.ca](http://www.edc.ca)) offers export financing and insurance to Canadian exporters. The Canadian Commercial Corporation ([www.ccc.ca](http://www.ccc.ca)) is an export sales agency that helps Canadian exporters sell in government and private-sector markets around the world.

For more information on the Japanese agri-food market, contact the Canadian Embassy in Japan, tel.: (011-81-3) 5412-6200, fax: (011-81-3) 5412-6254, email: [jpn.commerce@international.gc.ca](mailto:jpn.commerce@international.gc.ca), website: [www.infoexport.gc.ca/jp](http://www.infoexport.gc.ca/jp).

### Upcoming Japanese food industry events

#### Natural Products Expo Japan

September 21-23, 2006

Contact: Kristen Seldon, New Hope Natural Media, tel.: (303) 998-9066, fax: (303) 447-1164, email: [kseldon@newhope.com](mailto:kseldon@newhope.com), websites: [www.newhope.com](http://www.newhope.com) and [www.naturalproductsjapan.com](http://www.naturalproductsjapan.com).

#### BioFach Japan

September 21-23, 2006

Contact: Nurnberg Global Fairs, Heinz W. Kuhlmann, tel.: (011-81-3) 5404-7351, fax: (011-81-3) 5404-7352, email: [heinz@inter.net](mailto:heinz@inter.net), website: [www.biofach.com](http://www.biofach.com).

#### Health Ingredients Japan

October 4-6, 2006

Contact: CMP Japan Co. Ltd., tel.: (011-81-3) 5296-1020, fax: (011-81-3) 5296-1018, email: [info@cmpjapan.com](mailto:info@cmpjapan.com), websites: [www.hijapan.info](http://www.hijapan.info) and [www.cmpjapan.com](http://www.cmpjapan.com).