USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - Public distribution

Date: 5/18/2007

GAIN Report Number: JA7032

Japan

Fishery Products

Many Japanese Fish Species Facing Low Resource Levels

2007

Approved by:
Steve Wixom
U.S. Embassy

Prepared by:
Yuichi Hayashi

Report Highlights:
The Japanese government has identified ten Japanese fish species facing seriously low levels and reduced catches are needed for those species in order to conserve resources. Decreased supplies and strong demand for fish in Japan will likely create opportunities for imports of fish from other countries.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Tokyo [JA1]
[JA]

Japanese Fish Species Facing with Low Resource Levels

Japan's Fisheries Agency recently conducted an evaluation to estimate stock levels for fish species found in Japan. Results of this evaluation were posted on their website (web) on March 5, 2007. There are 85 kinds of fish species and/or course groups targeted for fishing in the Japanese coast of which 40 were identified as facing low resource levels. The 10 species and course groups (regions where these species are found) shown in the table below were identified as facing seriously low levels and the Fisheries Agency's evaluation has determined that reduced catches are needed for those species in order to conserve resources.

No.	Species facing low levels and decreasing stocks			
	Fish (E)	Fish (J)	Course Group	Scientific name
1	Sardine	Maiwashi	Pacific Ocean	Sardinops melanostictus
2	Pollock	Sukesoudara	Northern Japan Sea	Theragra chalcogramma
3			Southern Okhotsk Sea	
4			Pacific Ocean	
5	Deep-sea smelt	Nigisu	Pacific Ocean	Glossanodon semifasciatus
6	Atka mackerel	Hokke	Southern Hokkaido	Pleurogrammus azonus Jordan and Mets
7	Tilefish (Blanquillo)	Amadai class	East China Sea	Branchiostegus japonicus (Houttuyn)
8	Cero	Sawara	Seto Inland Sea	Scomberomorus niphonius
9	Sohachi flounder	Souhachi	Japan Sea	Cleishenes pinetorum
10	Tora Blowfish	Torafugu	Seto Inland Sea	Takifugu rubipes
11			Ise/Mikawa Bay	
12	Squilla	Shako	Ise/Mikawa Bay	Oratosquilla oratoria (De Haan,1844)
13	Squid	Yari-ika	Pacific Ocean	Loligo bleekeri
14			Tsushima warm current	

The evaluation provided an estimate of the maximum limit of fish catch acceptable for each fish species that would adequately preserve resources. However the Total Allowable Catch (TAC), which is set by the Fisheries Agency on a yearly basis for seven fish species, exceeds the limits determined by the evaluation to be acceptable for four species including chub mackerel, southern mackerel, Pollock, and spotlined sardine. As a result, media sources have speculated that the TAC would be reduced to prevent a further decline of resources. While the evaluation showed that 40 species and course groups are facing low levels there were only 17 found to have high stock levels. Fish supplies face many uncertainties and future shortages and price increases cannot be ruled out even for those species currently at higher levels. The sardine, for instance, is a staple of the Japanese diet and has recently experienced increasing prices with tight domestic supplies. The shortages present opportunities for competitively priced supplies from other sources.

The United States exports several of the fish identified by the evaluation to Japan that will likely fill some of the supply shortages. One example is sardines, which are mainly exported from Oregon. In 2006, U.S. sardine exports to Japan amounted to 12 thousands tons by volume and $8.24 million by value. The United States also exports Atka mackerel, flounder and squid from Alaska and California. Trade data for the former two species are not available in the World Trade Atlas (WTA) because there is no individual HS code. Also there is no HS code for the particular squid (Loligo bleekeri), which is experiencing low stocks, but export of overall squid species (HS: 030749) to Japan was 2.7 thousand MT in volume and 3.6 million dollars in value in 2006. The volume decreased 51 percent in 2006 compared with 2005. At the same

time, U.S. exports of squid to China increased by 39 percent to 25,000 MT. Some U.S. fish exports may be being sent to China for processing and exported on to Japan, as is often the case for chicken products. However, processed food does not have to show the origin of ingredients by Japanese law, so statistics on these transshipments are not available.

The United States can increase fish exports to Japan for some of these fish facing low levels if trading conditions permit such as price, quality, volume and seasonal availability. However, U.S. exports to Japan must also compete with fish from China, Korea, Russia and New Zealand. Prices for fish in these regions are typically more favorable than in the United States. China in particular offers fish that is very price competitive and uses a similar production method for fillets that removes bone from the meat with tweezers rather than a knife, leaving slightly more meat. As fish availability decreases in Japan, the Japanese fishery market is likely to source lower priced fish from this diverse area. In addition, several of these products including blowfish are not available in the United States and will likely come from these regions.

The price that Japanese customers are willing to pay for fish is a major factor in whether exports of U.S. fish will significantly increase to Japan. In the case of surimi, the largest fish export to Japan from the United States, exports amounted to 118 thousand MT valued at $263 million in 2006. Surimi is a processed fish product that is made from several different species of fish. The main fish used in surimi is Pollock, one of the species identified by the Fisheries Agency as facing low stocks. Generally, U.S. surimi is processed in Alaska and then sent to Japan. The United States has good supplies of Pollock for surimi. However, surimi exports to Japan have decreased by approximately 12 percent in 2006 compared to the previous year. This is because exports have shifted to Europe where higher prices are being paid for Pollock fillet than for surimi in Japan (see table below). Processed fish products in Japan usually garner lower prices than fillets.

Alaska Pollock (Frozen Fillet, HS: 0304207000) Export to Europe from the United States

Rank	Country	Quantity (1000 MT)			% Change	Value (US $ million)			% Change
		2004	2005	2006	- 06/05 -	2004	2005	2006	- 06/05 -
	-- World --	104.2	81.9	88.1	7.6	212.6	184.2	234.4	27.2
1	Germany	46.3	36.8	44.2	20.0	93.0	84.7	126.8	49.8
2	Netherlands	35.8	31.0	25.7	-17.1	73.1	67.6	66.2	-2.0
3	France	6.5	5.9	6.7	12.9	16.1	16.2	16.6	2.4
6	Sweden	0.0	0.4	1.1	148.2	0.0	0.9	2.7	216.3
9	Spain	0.3	0.9	1.1	29.4	1.2	1.3	2.0	45.9
10	Lithuania	0.0	0.0	0.8	-	0.0	0.0	1.4	-
Europe total		89.0	75.0	79.5	6.0	183.4	170.7	215.8	26.4

In conclusion, Japan's Fisheries Agency has highlighted the fact that many of the fish species in demand in Japan are facing shortages and decreasing supplies. Japan has long been aware that certain fish such as tuna are in short supply globally, so the domestic situation did not come as a big surprise for Japan. In order to reverse the trend the Japanese government will likely take steps to reduce TAC allowed for certain species. However, strong demand for these items is not likely to decrease and restoring fish resources levels will take time, creating opportunities for imports to fill production gaps. Much of this demand is likely to be met with product from other countries in the region that can produce similar product at very competitive prices. U.S. fish exports will also have opportunities to fill some of these supply demands but significant increases will depend largely on factors such as price.