



Foreign Agricultural Service

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## **Japan**

### **ATO ACTIVITIES reports**

### **Competition Report**

**1999**

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#### **Report Highlights:**

**As Japan's economy continues to be stagnant, competition in the food market is becoming more fierce. Competitor countries continue to devote significant market development funds to this important market. Significant developments include changes brought about by the privatization of Australia's state trading enterprises.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Tokyo[JA1], JA

## COMPETITOR REPORT

### Section I: HOST COUNTRY MARKETING PROGRAMS

#### Overview of Japan's Overall Strategy for Promoting Exports

As Japan is the world's largest net importer of agricultural, fishery, and forestry products, its export capability of these products is marginal. Japan's Gross Agricultural Product (GAP) occupies a mere 1.3 percent of its Gross Domestic Product (GDP). In addition, due to the Government of Japan's (GOJ) efforts to restructure government expenditures, overall GOJ spending has been in a declining trend. Thus, in Japan Fiscal Year 1998, (April 1998 - March 1999), it is estimated that the GOJ will spend only \$2.8 million, down \$100,000 over the previous year, for promoting exports of agricultural, fishery, and forestry products.

In general, export subsidies, credit programs, or transportation subsidies do not exist in Japan. As the GOJ's budget for export activities is specified by activity and not by product category, our breakdown is based on activities as follows:

With an annual budget of approximately \$380 million, the Japan External Trade Organization (JETRO) is the largest quasi-government organization assisting overall GOJ trade activities. Of the total budget, about \$283 million comes from the central government in the form of subsidies. JETRO was originally established in 1951 to expand Japan's exports; however, its main objective has changed to import expansion in the past decade, a response to international pressure to reduce Japan's huge trade surplus. JETRO has 80 overseas offices located in 58 countries (8 branch offices in the United States). JETRO's total number of employees is about 1,500 (800 domestic and 700 abroad). As JETRO mainly focuses on industrial goods, most of the food shows and antenna shops in foreign markets discussed in this report are conducted by local governments with financial support from the GOJ.

While the GOJ and producer organizations including agricultural cooperatives are not major players in promoting Japan's agricultural exports abroad, the GOJ and producer groups are actively engaged in promoting Japanese agricultural products at home to bolster the economies of rural Japan and prevent further inroads of market share by foreign suppliers. Examples of such programs are as follows:

#### Poultry Products:

Japan Chicken Association (JCA), a quasi-government organization, is conducting aggressive promotional activities to boost sales of domestic chicken. With a staff of about 8 people, JCA organizes various promotional activities including newspaper advertisements, cooking contests, POS materials for the retail industry, and food safety seminars.

#### Strawberries:

Japanese strawberries are promoted extensively by regional grower organizations in Japan. These promotions are funded primarily through check-off programs and direct assistance from the government. Trade sources report that two regional grower organizations in the Kanto area spent nearly \$35,000 in television advertising alone for the months of January and February 1998.

#### Prunes:

Japanese fresh plums are marketed as “prunes,” taking advantage of the healthy image created by the California Prune Board and increasing their own sales. Japanese fresh plums are mainly grown in Nagano and Yamanashi prefecture, and their promotional activities are generally funded by check-off and government support programs.

#### Dairy Products:

The National Drinking Milk Promotion Committee, Japan Dairy Product Promotion Association, with an annual budget of approximately \$30 million, funds consumer advertising on television, public relations materials on nutrition and dairy products, and seminars targeting school lunch nutritionists.

#### Rice:

The Government of Japan is heavily involving in a campaigning for increasing Japanese rice consumption by advertising campaigns on TV and in the print media. The GOJ's total budget for rice promotion activities for 1997/98 is estimated at \$41 million.

Zenchu (the Central Union of Agricultural Cooperatives) and Japan Agriculture (JA, formerly called Zennoh) have been vigorously promoting Japanese rice since 1992 through Rice Galleries established in nine locations throughout Japan. The campaign is focused on publications strongly biased against imported rice varieties.

## Summary of Host Government's Budget

Table I. Summary of Host Government's Budgets to Support  
All Types of Programs to Expand Exports of Agricultural,  
Forest, and Fishery Products  
Fiscal Year 1998  
(In \$US, Exchange Rate Used: \$1=132 yen)

	Mkting Gov't Funds	Programs Industry Funds	Export Credit Trans. Subs.	Trans. Programs	Total Subs.
Product					
Dairy Products					
Grains					
Forest Prods.					
Meat & Poultry					
Oilseeds					
Processed Foods					
Fresh Fruits/Vegs.					
Nuts					
Fishery Prods.					
Wine					
Other					
Total		\$2,800,000			\$2,800,000

## Description of Japan's Promotional Activities

The estimated breakdown of market promotion activities for JFY 1998 (April 1998-March 1999) by activity:

## 1. Promotion of Export Activities (\$406,000)

Promotion of agricultural, fishery and forestry exports through participation in international food exhibitions, introduction of products through taste testing at foreign shops and PR activities.

## 2. Collection of Information Relating to Export Opportunities (\$87,000)

Collection of basic information on import regulations and market trends in foreign countries.

## 3. Improvement of Export Measures (\$460,000)

Conducting survey on consumers purchasing patterns in foreign markets to find out problems and possible solutions.

## 4. Promotion of Market Development (\$1,500,000)

Establishment of short-term antenna shops in foreign markets to conduct exhibition of products, sales and market analysis.

## 5. Promotion of Fruit Exports (\$28,000)

Stable supply of Japanese fruit to foreign markets.

## 6. Quarantine Measurements (\$291,000)

Establishment of export conditions to meet quarantine requirements from foreign markets.

## 7. Development of new markets for fishery products (\$28,000)

Promotion of canned fishery products through taste testing and food shows in foreign markets.

TOTAL: \$2,800,000

## Section II: COMPETITORS' MARKET PROMOTION ACTIVITIES IN HOST COUNTRY

### DAIRY PRODUCTS

#### New Zealand:

The New Zealand Dairy Board and New Zealand Milk Products organizations are staffed by over 40 people in Tokyo and Kobe. No change in its annual budget of \$4 million from the previous year. Promotional activities include trade servicing, advertising, retail promotions, menu promotions for the food service sector, packaging development and production, and trade incentives such as price discounts.

#### Australia:

The Australia Dairy Council (ADC), staffed by six people, has an annual budget of about \$3 million. Funding is expected to remain the same for the next few years. Promotional activities include price discounts or complementary products during food service promotions, funding to Japanese cheese packers for the usage of ADC's "Dairy Good" logo, receptions, trips to Australia, retail promotions, menu promotions, and consumer advertisements.

#### European Union:

The Danish Agricultural Committee, SOPEXA, and the German Agricultural Board spend approximately \$2 million annually to fund seminars, retail and menu promotions. The organizations also produce and distribute EU cheese reference guides. This funding level is expected to decline in the future. However, export subsidies of about \$50 million are applied annually for dairy products.

### GRAINS

#### Wheat

The toughest competitors to the United States in wheat sales in Asia are Australia and Canada.

#### Australia:

As part of Australian Government's national deregulation measures, the Australian Wheat Board (AWB) will become a private entity and will be renamed as the Australian Wheat Board Limited beginning July 1, 1999. Its position as sole seller of Australian wheat in Japan is expected to remain the same. AWB's three-person staff is headed by an Australian citizen. Its promotional activities include various trade missions to Australia and close collaboration with the Japanese milling industry to develop improved wheat varieties suitable for Japanese style noodles.

#### Canada:

The Canadian Wheat Board (CWB) is a state trading enterprise which has maintained an office in Japan since the early 1960s. In addition to wheat, the CWB promotes Canadian barley. Its three-person staff is headed by a Canadian citizen and major promotional activities include inviting Japan's Food Agency and milling industry teams to observe Canadian wheat production and export operations, inviting selected personnel to study at the CWB Canadian Grains Institute in Winnipeg, and holding a reception for GOJ officials and industry personnel at a major hotel in Tokyo. CWB's budget is estimated to be similar to that of U.S. Wheat Associates.

#### Corn

The United States by far is the largest supplier of corn to Japan. However, other major corn producing countries including China, Argentina, and South Africa have recently beefed up their efforts in corn promotion.

China:

China, with its geographical proximity to Japan and the price setting ability of its state trading enterprise, Chinese Oil Food Export Promotion Company (COFE), serves as a strong competitor to the U.S. in this market. The Chinese have been trying to increase production by utilizing more fertilizer and hybrid seed. However, infrastructure problems and growing domestic demand have limited exports to Japan.

The COFE office in Japan is staffed by one Chinese representative and is located in an upscale location in Tokyo. The funding level is unknown. COFE is still trying to re-establish lost credibility after it canceled several corn export contracts in 1994. In addition, there have been some recent Chinese provincial level marketing activities focusing on the Japanese corn market.

Argentina:

Argentina, the second largest competitor to the U.S. after China has increased production of corn in the last couple of years, however, Argentina's corn exports are limited by transportation and infrastructure problems.

South Africa:

South Africa continues to provide a substantial share of white corn imports for starch production. While South African corn is consistently high quality in terms of moisture content and starch yield, it is not consistently available. Japan's agricultural cooperatives occasionally send private trade missions to South Africa. The Embassy of South Africa has been actively making contact with Japanese trading companies.

Barley

Canada:

The Canadian Wheat Board serves as the state trading enterprise handling barley exports to Japan. The CWB has a three-person office in Japan. In addition, the Commercial Department of the Canadian Embassy is active in promoting exports from Canada. The CWB actively contacts beer makers for malt exports and sponsors events including trade missions and educational seminars.

Australia:

The Australian Barley Commission (ABC) handles Australia's barley exports to Japan. Under the Australian government's move toward privatization of state trading enterprises, ABC is expected to be privatized in the near future. While the ABC has no independent office in Japan, it organizes frequent trade missions for Japanese traders to travel to Australia to view production areas and export distribution centers. We estimate the budget for implementing their activities is \$200,000.

European Union:

There are no major marketing activities sponsored by the EU as a whole, however, EU malt

companies are active in the market with Japan's major brewers.

## Rice

### Australia:

Staffed with one Australian representative and 3-4 local staff members, Australian Rice Growers Cooperative (ARGC) conducts fairly active rice promotion activities including taste testing, in-store demonstrations, POP materials, seminars and FOOD EX. Having cultivated a close working relationship with Daiei, one of the major Japanese supermarket chains, ARGC concentrates its promotional efforts on supermarket chains.

### Thailand:

The Royal Thai Embassy's Office of Commercial Affairs and Trade Centers in Osaka and Fukuoka work closely with Japanese food processors to promote the utilization of Thai long-grain rice for rice flour and other processed products. Their promotional activities include participation in FOOD EX and other major trade shows and hosting a few trade missions to Thailand.

### China:

The People's Republic of China (PRC) provides information on rice to the trade through the Commercial section of its Embassy and a state trading company. Its promotion activities include trade missions to Japan, FOOD EX, and introduction of new varieties of rice. Japanese trading companies have reportedly invested in the construction of rice milling facilities in China.

## FOREST PRODUCTS

### Canada:

Canada is the United States' strongest competitor in the Japanese softwood products market.

The British Columbia Wood Specialities Group (BCWSG) has a Tokyo office to service members who are value-added wood companies and exporters of products such as glulam. The budget for their Tokyo office is approximately \$1.35 million and is used almost entirely for promotion efforts. BCWSG participates in various trade promotion venues in Japan including JETRO Imported House Display Centers in Osaka and Tokyo. The funding for BCWSG comes from the Forestry Renewal Corporation, whose stumpage fee-derived revenues total about \$450 million. Canada Comfort Direct is a wood product and building materials promotional program with at least 12 trade shows throughout Japan during the year. About 20 companies participate in the custom display booth system employed in major city and regional shows. The estimated budget is \$1 million. The Government of British Columbia oversees this project, but a full-time Vancouver consulting company implements the program.

Q-Web is a Quebec Provincial Government promotion program for Quebec forest products and building material companies. Q-Web participates in about 4 or 5 trade shows per year. They also conduct seminars in regional areas. Q-Web has an estimated budget of \$150,000.

The Council of Forest Industries of Canada, a quasi-governmental association, promotes exports



of Canadian lumber and plywood. Funding levels are unknown.

Other Countries:

New Zealand, Australia, Russia, and Scandinavian countries promote softwood products in Japan. China, Russia, Southeast Asia and Japan are strong competitors to U.S. hardwood products.

## MEAT & POULTRY

### Beef

Australia:

In July 1998 Australia closed the Australian Meat and Livestock Corporation (AMLC) and the Meat Research Corporation (MRC) and replaced them with the Meat and Livestock Australia (MLA). This new organization was reorganized from a governmental body to a private organization funded mostly by Australia's beef producers, as part of Australia's national deregulation measures. MLA is based in Japan, South Korea, the United States and the Middle East to support marketing and promotional activities for Australian beef and lamb. Under MLA's new promotion programs, Australia expects to export 315,000 tons of beef to Japan in FY1999, a little above previous year's level. Export sales to Japan amount to 25% of total beef production in Australia, and 50% of all beef export sales. MLA's annual budget is estimated at \$7 to \$10 million. Through its "Aussie Gold Programme," Australia recently started to export high-grade, grain-fed beef to Japan. Like its predecessors, MLA's promotions emphasize safety and reliability of beef and lamb by utilizing a HACCP system and encouraging producers to acquire ISO 9000 series quality control standards. Furthermore MLA has introduced a Meat Safety Quality Assessment (MSQA) program, a hybrid of the HACCP and ISO 9000 principles at the end 1998.

Canada:

The Canada Beef Export Federation of Japan conducts promotion activities for Canadian beef. The activities are managed by a staff of three persons with an annual budget of \$1 million. FOODEX, seminars/fairs/tastings for hotel chefs, buyers and consumers; restaurant promotions; and advertising are major promotional activities.

New Zealand:

New Zealand Meat Producers Board (NZMPB) was renamed in March 1998 as Meat New Zealand (MNZ). Unlike NZMPB whose primary members were livestock producers, MNZ represents the entire meat industry. MNZ's promotional activities include joint seminars with Japanese meat processors, food safety conferences, and menu book development.

### Pork

Denmark:

The Danish Pork Export Organization, through the Danish Agricultural Commission in Tokyo, conducts various Danish pork promotion activities including consumer education programs, logo campaigns, TV advertisements, menu books, and advertising safety and reliability of Danish pork

products. The estimated annual budget for these promotional activities is \$2 million. In addition, approximately \$300,000 and \$700,000 are spent for magazine advertisements and seasonal advertisements in trains and railway stations respectively.

Korea:

Taiwan's departure from the Japan's pork market in 1997 due to the outbreak of Foot & Mouth Disease (FMD) in 1997 increased Korea's import market share substantially. The devaluation of the Won also helped make Korean pork more attractive to Japanese importers. At 18 percent market share, Korea became the third largest imported pork supplier in volume to Japan in 1998 after the United States and Denmark.

Canada:

Canada is the fourth largest exporter of pork to Japan. Canada Pork International (CPI) handles Canadian pork promotional activities exclusively. Established in 1991, CPI is a Canadian pork export organization created jointly by the Canada Meat Council and the Canada Pork Council. CPI's promotional activities include planning sales strategy, distributing POP materials, participating in food fairs, and conducting seminars. For the past few years, a Canadian organic pork producers' group has been aggressively promoting organic pork in Japan. Their activities include issuing NOQAP (pork producer issued certificate to assure the quality) certificates, organizing organic pork seminars, and distributing POP materials .

Poultry

China:

The Government of the People's Republic of China (PRC) refunds to Chinese exporters about 10 percent of its export tax on chicken products. The normal export tax on chicken meat products is 14 percent per kilogram. To compete with other chicken products exporting countries to Japan including Thailand and Brazil, the PRC government manipulates its chicken export prices artificially to competitive levels. The PRC participated in FOODEX '98. The expenses for Chinese chicken promotion for the show were estimated at \$10,000 - \$15,000.

Thailand:

The Government of Thailand sponsors a refund export tax program for chicken exporters. This program is funded by an import surcharge on feed grain. The Thai Agricultural Trade Office in Japan, with a staff of three or four personnel, directs promotion and marketing efforts for poultry products. Thailand is a regular participant of FOODEX, Japan's largest international food fair. In FOODEX '98, Thailand set up its own pavilion and spent \$20,000 - \$30,000 promoting Thai chicken products. The Japan External Trade Organization (JETRO) supports the Thai food export industry and subsidizes booth fees and participation fees in the FOODEX and other major food shows. Such subsidies in 1998 are estimated at \$60,000.

Brazil:

Brazil's Commerce Department located in the Brazilian Embassy in Tokyo is staffed by five people and organizes chicken and egg promotion activities. Brazilian poultry and egg packers are regular participants of FOODEX , the International Food Ingredient & Additives Show and other major food shows in Japan. As in the case of Thailand, JETRO subsidizes Brazilian participation in FOODEX by paying up to \$40,000 towards booth fees.

European Union:

The EU provides export subsidies for egg products, including dried egg yolk (F. Fr [French Franc] 3.50 per kg), dried whole egg (F. Fr 2.65 per kg), and egg albumen (F. Fr 4.65 per kg).

France:

The France Food Promotion Office (known as SOPEXA), with a staff of about 7 people, participates in FOODEX and other food shows. Each year SOPEXA promotes a professional chef cooking contest to promote French poultry products as well as other French food products. Estimated cost of this activity is over \$100,000. SOPEXA also provides POP materials, posters, and menu books promoting French poultry products.

## OILSEEDS

Canada:

The Canadian Embassy represents and coordinates promotional activities for oilseeds and oilseed products in Japan. Every year it sponsors two conferences in conjunction with Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Canadian government. This year, twelve Canadian officials/trade representatives traveled to Japan and in return the Canadian Government invited a team of eight Japanese soyfood manufacturers and trade journalists to Canada for one week. The mission members toured farms and research facilities, attended trade receptions, and enjoyed recreational activities. Estimated annual promotional expenditures for such activities amounted to \$195,000.

## PROCESSED FOODS

Canada:

The Agriculture, Food, and Consumer Products Section of the Commercial Division of the Embassy of Canada has seven staff members — two Canadian officers, three Japanese specialists, and two support staff. Major activities include participation in trade shows including FOODEX, a variety of retail promotions, food safety seminars, and food service promotions. The Canadian Embassy also provides standard backstopping for Canadian companies entering the Japanese market. Due to budgetary pressures in Canada, the budget for activities in Japan has been cut in recent years. Estimated annual budget of the division is \$300,000.

Australia:

The primary entity coordinating activities for promoting Australian processed food products is AUSTRADE. AUSTRADE promotes a wide range of Australian products, but agricultural and food products have been the core items. While this is expected to continue, there is a movement to shift toward more hi-tech products and financial services. With three Australian officials and seventeen Japanese staff, the office in Tokyo is part of a worldwide system of 96 offices in 65 countries. The overall global AUSTRADE budget is estimated at \$220 million. AUSTRADE headquarters have undergone a drastic downsizing in the past few years, but the overseas offices have been maintained at previous levels. The AUSTRADE/Tokyo office is co-located with the offices of the Australian states and territories. AUSTRADE also has offices in Sapporo, Sendai, Nagoya, Osaka, and Fukuoka.

AUSTRADE operates on a cost recovery basis, benchmarks are established, and each year its budget is determined relative to that office's ability to meet its annual business projections. All information provided to Australian companies is billed on a commercial basis. The AUSTRADE/Tokyo office charges about \$100 per hour for consultation and the basic 'doing business in Japan' package will cost the average Australian exporter about \$1,400.

AUSTRADE participates each year in FOODEX. In 1998, they had over 100 exhibitors; the 1999 participation is expected to be even higher. Thematically, Australian agriculture touts the off-season aspect of its ability to supply northern hemisphere markets like Japan. They also promote their remoteness as a food safety factor — a clean and green theme. They work closely with the travel and tourism industry to tie food themes into the travel packages to develop new tastes and preferences for Australian foods. At the same time, they have made substantial efforts to learn Asian tastes and preferences from the recent influx of Chinese immigrants (especially those of Hong Kong Chinese in the light of reversion of Hong Kong to the mainland China in 1997) and tourists and have created new Asian/Australian food products exportable to the Japanese market. AUSTRADE continues to carry out many in-store promotions and reverse trade missions.

#### New Zealand:

The Commercial Section at the New Zealand Embassy, TRADENZ, is responsible for promoting food and agricultural products in Japan. The section has one officer from New Zealand and two Japanese staff members. The main activity provided by this office is a "matchmaking service" for New Zealand companies. The office also coordinates in-store promotions, various trade missions, and the New Zealand pavilion at FOODEX.

New Zealand organized a 12 booth national pavilion at FOODEX in 1998. TRADENZ subsidized 50 percent of the participation fees for new-to-market companies, while a 30 percent subsidy is provided to companies which participate in FOODEX for three or more years. TRADENZ's other promotional activities include in-store promotions, trade missions, and menu fairs.

#### Italy:

Italy's national export promotion funding is channeled through the Institute of Foreign Trade (ICE). There is a ICE office in Tokyo which carries out a number of market promotion activities. Two staff members in the office exclusively handle promotions of processed foods and beverages. Their main promotional activities consist of organizing an Italian pavilion at FOODEX and offering customized trade services to exporters on a cost recovery basis.

Italian exporters of agricultural products receive assistance through various Italian regional organizations which work to promote exports of Italian products.

#### Chile:

The Chilean Embassy is responsible for administering PROCHILE promotional activities in Japan. Two Chilean officers with a Japanese support staff work full time in the office. Their agricultural promotion activities include participation in FOODEX, wine tasting and seminars, and newsletters. The total government funding for all promotional activities (agriculture and

non-agriculture) is over \$450,000 a year.

China:

China's promotional efforts for processed food products are minimal. However, the China National Cereals Oils & Foodstuffs Import & Export Corporation coordinated a modest Chinese Pavilion at FOODEX in 1998.

Korea:

South Korea carries out a number of promotional programs in Japan to support the export of its agricultural products. Korea's Agricultural and Fishery Marketing Corporation (AFMC) has established two government financed trading houses. Its Tokyo office, Korean Products Co., Ltd. has a staff of six. The Osaka office, Osaka Trading House, has a staff of two.

Korea's national pavilion at FOODEX was coordinated by Tokyo Trading House. AFMC's total budget for the national pavilion in FOODEX 98 was drastically cut to one-third of the previous year's budget.

Korean Products Co., Ltd. has one antenna shop in Osaka. There are three Korean product specialty shops in Tokyo's upscale Roppongi, Shibuya and Ginza districts which are supported by AFMC.

## FRESH/FROZEN/DRIED FRUITS & VEGETABLES

### Grapefruit

Israel:

Since the introduction of "sweetie" grapefruit six years ago, the Citrus Marketing Board of Israel (CMBI) has steadily increased its grapefruit exports to Japan, now accounting for over 10 percent share of Japan's grapefruit market.

### Strawberries

The Netherlands:

For the first time in 1998, the Netherlands entered into Japan's strawberry market. The money spent for its promotions is unknown, however, Dutch strawberries were advertised in the print media.

France:

This year, the focus of France's strawberry promotions is the introduction of new varieties.

### Prunes

California prunes continue to dominate Japan's import market (at 99-100% market share).

France:

There are no promotional activities for prunes conducted by the Government of France at the moment, however, the Embassy of France and SOPEXA contacted the California Prune Board

(CPB) in 1997 and expressed an interest in CPB's promotion activities. In 1998, Bureau Interprofessionnel du Pruneau (BIP), an organization of French prune growers and packers, contacted CPB to learn about promotion activities. BIP promotes French prunes in Europe with an annual budget of \$3 million. As BIP work closely with SOPEXA in overseas' markets, they may launch French prune promotion activities in Japan in the near future.

French prunes were widely publicized this year through one of the major consumer food magazines (circulation 220,000). It is not clear whether this promotion was done by SOPEXA, BIP, or other private trade groups. The publication claims superior quality of French d'Agent prunes to American varieties.

#### Chile:

No promotional activity for Chilean prunes was conducted by the Government of Chile in 1998. Some private Chilean companies participated in FOODEX '98 and promoted Chilean prunes.

#### South Africa:

No promotional activity for South African prunes was conducted by the Government of the Republic of South Africa in 1998. Some private companies participated in FOODEX '98 and promoted South African prunes.

#### Raisins

##### South Africa:

The South African government works through a Japanese representative to conduct promotional activities in Japan. The representative office in Japan organizes an annual golf tournament for wholesalers and end-user bakeries. No funding information is available regarding these events.

#### Frozen Potatoes

##### Canada:

Although budget information is not available, trade sources report that Canadian potato companies exporting to Japan receive promotional subsidies from the Food Institute Canada. The subsidies are used for advertising, trade tours and other marketing activities.

#### NUTS

#### Walnuts

##### China:

The United States has the lion's share of Japan's walnut import market, holding over 85 percent in value and 79 percent in volume terms. However, the next largest exporter, China, has been making inroads into Japan's walnut market. This is due to Japanese importers becoming more price conscious in the light of Japan's continuing economic downturn, looking for less expensive imports.

## FISHERY PRODUCTS

### Salmon

#### Norway:

Norwegian salmon is the toughest competitor to Alaskan salmon. Exports of Norwegian farmed salmon have been steadily increasing each year. At over \$2 million in 1998, the Norway Seafood Export Council's (NSEC) promotion budget for promotional activities in Japan has also increased during the past few years. The NSEC opened its Japan office in June 1997 to expand Norway's seafood market in Japan. Its promotion activities include in-store promotions, magazine and television advertising, POP production and distribution, and promotion of a special product seal.

#### Chile:

The Chilean Embassy in Japan manages Chilean farmed salmon promotion activities.

#### Canada:

Promotional efforts are periodic for a variety of seafood, including salmon.

## WINE

#### France:

French wine is promoted in Japan by France's two quasi-government organizations—the French Food and Wines Specific Market Promotion Organization (SOPEXA) and Comité Interprofessionnel de Vin de Champagne (CIVC).

SOPEXA is headed by a French manager with nine Japanese support staff members and is not solely a wine promotion organization in that it also promotes dairy and some processed food products. However, about 95 percent of its budget is devoted to wine promotion. Funding for SOPEXA is about \$4.16 million per year (excluding export subsidies or branded funds).

Activities commonly carried out by SOPEXA include generic advertising, newsletters, a retail display program, educational seminars, POP production and distribution, a major sommelier contest, trade shows, trade visits, tasting events, and in-store demonstrations.

CIVC is a trade organization of Champagne producers in France to promote its wine in both domestic and export markets. CIVC Japan was founded in October 1993 and became independent from SOPEXA in 1997. With a staff of two people, CIVC operates with a budget of approximately \$416,000 a year. CIVC's promotional activities include newsletters, educational seminars (French Festival in Tokyo), press conferences, POP production, trade shows and advertisements.

#### Italy:

The Institute of Foreign Trade (ICE) is a government body which carries out a number of promotional activities for Italian wine in Japan. The office has a staff of three and an estimated budget of \$667,000 (excludes export subsidies or branded funds).

ICE's market promotion activities include educational seminars, tastings, a sommelier contest,



governmental wine mission visits, trade shows, advertising, and POP production. Last year, ICE made strategic changes in its marketing and more emphasis was placed on discount stores.

#### Germany:

The German Wine Information Center, a quasi-governmental office, organizes a number of promotional activities for German wine. The center contracts out those promotional activities to Dentsu, one of Japan's major advertising firms. The office has one German representative and three Dentsu staff, and an estimated budget of \$500,000 (excludes export subsidies and branded funds).

Market promotion activities include quarterly newsletters, press conferences, German wine tours, trade shows, POP production, and advertisements.

#### Portugal:

The Office of Investment, Commerce and Tourism of Portugal (ICEP), a Portugal government organization, carries out promotional activities for Portuguese wine. The office has a staff of three and an estimated budget of \$833,000. Promotional activities include a port wine sommelier contest, a bartenders' cocktail competition, POP production, trade shows, and advertisements. ICEP has a showroom for wine in downtown Tokyo.

#### Spain:

At \$417,000, the Embassy of Spain significantly increased its wine promotion budget in 1998 from the previous year. Two staff members organize promotional activities for wine including POP production, trade visits, educational seminars and training, trade shows, in-store demonstrations, and tastings. This year the government of Spain is focusing on wine promotions at department stores.

#### Chile:

The Embassy of Chile has two staff members who organize promotional activities for wine. The budget for carrying out these activities is estimated at \$333,000, an increase of 50 percent from last year. The activities include trade visits, advertising, newsletters, educational seminars, and trade show participation.

#### Australia:

Australia is the world's 11<sup>th</sup> largest wine producer, with annual production of 500 million liters. Thirty percent of the total wine production is exported to markets around the world including Japan. Production is expected to double by the year 2000. The Australian Embassy has two staff members who organize promotional activities for wine. The budget for carrying out these activities is estimated at \$250,000.

Wine of Australia is an Australian quasi-government organization and is the promotional body of



AWEC, the Australian Wine Export Committee. The Japan office was established in July 1998 in Tokyo. The organization has two staff members and a budget of \$250,000 (excluding export subsidies and branded funds).

Argentina:

The Embassy of the Republic of Argentina has one staff for promotional activities for wine. Estimated promotional budget is \$83,000 (excluding export subsidies and branded funds). Trade visits with seminars and tastings are the major promotional activities.

## SECTION 3: HOST COUNTRY'S MARKET PROMOTION ACTIVITIES IN THE UNITED STATES

As indicated in the Section 1, the GOJ's activities to promote its agricultural, fishery, and forestry products are very limited. The largest importer of Japan's agricultural, forestry, and fishery products is Hong Kong (19 percent market share) followed by the United States (17 percent share), Taiwan (16 percent share), South Korea (9 percent) and China (5 percent).

The major export commodities to the United States are pearls, scallop, confectionery, fish meat, and beer. It is not possible to determine actual GOJ expenditures for market promotion activities in the United States, but it is estimated that the GOJ spends about 20 percent of its total budget for overseas market promotion activities (about \$560,000 ) in the United States.

Summary of Host Government's Export Promotion Activities in the U.S.

Table II. Summary of Host Government's Export Promotion

Fiscal Year 1998

(In \$US, Exchange Rate Used: \$1=132 yen)

	Mkting Gov't Funds	Programs Industry Funds	Export Credit Trans. Subs.	Trans. Programs	Total Subs.
Product					
Dairy Products					
Grains					
Forest Prods.					
Meat & Poultry					
Oilseeds					
Processed Foods					
Fresh Fruits/Vegs.					
Nuts					
Fishery Prods.					
Wine					
Other					
Total		\$560,000			
END OF REPORT					