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Report Highlights:

This report highlights Japan's food processing industry, notable trends, and a market snapshot of western Japan. The industry experienced a 4.1 percent decline in the value of food produced in 2023 from 2022 on a dollar basis totaling \$182 billion compared to \$190 billion in 2022. Production increases were seen in wheat flour, dairy, processed meats, and sugar categories.

Market Fact Sheet: Japan

Executive Summary:

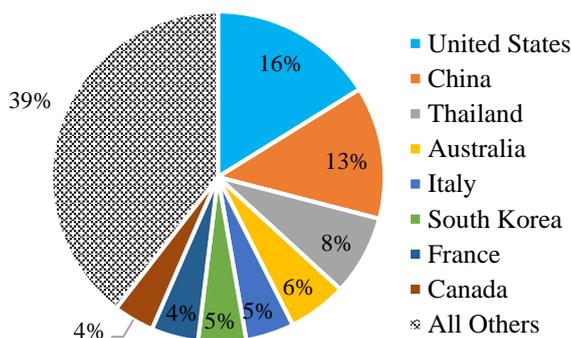
The United States is the largest foreign supplier of food and agricultural products to an import-reliant Japan (17 percent of import market share)—the fourth largest market for U.S. agricultural products in 2023 (\$13 billion). On January 1, 2020, the U.S.-Japan Trade Agreement (USJTA) entered into force, providing preferential tariff access for many U.S. agricultural products. Japan’s food industries are well-developed and innovative in all sectors, including, retail, food service, food processing, and distribution.

Population: 124,200,000 (Feb. 2024 est.)
GDP: \$4.2 trillion (4th)
GDP/Capita: \$33,816

Top Ten Growth Food Products

- 1) Confectionary Products
- 2) Dairy Products (Cheeses)
- 3) Whey & Whey Protein Products
- 4) Processed Vegetables
- 5) Mixed Vegetables
- 6) Meat Products
- 7) Egg & Egg Related Products
- 8) Condiments and Sauces
- 9) Rye Whiskey & Bourbon
- 10) Other Consumer Oriented Products

Japan Consumer-Oriented Product Imports (\$39 Billion, 2023)



Food Industry by Channels (US\$)

Consumer-Oriented Imports \$39 billion
 Food Processing Industry \$182 billion
 Food Industry Gross Sales \$564 billion
 - Retail (2022) \$327 billion
 - Food Service (2022) \$237 billion

Food Processing Industry:

The \$182 billion food processing industry produces a wide variety of foods: traditional Japanese, Western, and health-oriented foods for infants and the elderly. Food processors focus on maintaining market share among traditional product lines while developing creative and innovative food products to attract consumers.

Top Ten Retailers

AEON	Life Co
Seven & I Holdings	H2O Retailing
Yamazaki Baking	Valor Holdings
Pan Pacific International Holdings	USM Holdings
Isetan Mitsukoshi	Izumi

Food Retail Industry:

In 2022, the total value of all retail food and beverage sales was \$327 billion. Supermarkets represent the bulk of the retail food sales at 74 percent and the convenience store sector accounts for approximately 15 percent of sales. Ready-to-eat meals or take-home foods represent an area of growth.

Strength	Weakness
U.S. products are in demand and remain trendy.	The negotiating and decision-making process can take time.
Opportunity	Challenge
With USJTA, nearly 90 percent of U.S. products are duty free or receive preferential tariff access.	For products not covered in USJTA, many other suppliers enjoy tariff concessions through other FTAs.

Data sources include: Trade Data Monitor, Japan Ministry of Finance, Japan Ministry of Economy, Trade and Industry, Japan Food Service Association, The World Factbook, The World Bank

SECTION I: MARKET SUMMARY

In 2023, the food processing sector experienced a 4.1 percent decline in the value of food produce, totaling \$182 billion. Production increases were seen in wheat flour, dairy, processed meats, and sugar categories. The following notable market changes, and new government initiatives and interventions:

- After 24 years, Japan revised provisions of its Basic Law on Food, Agriculture, and Rural Areas. This revision allows the Japanese government to instruct private farmers to boost production or convert to production of products that are necessary in a food crisis. On September 15th, 2023, a panel of experts from the Ministry of Agriculture, Forestry, and Fisheries decided on the final compilation of the revision to the 'Basic Law on Food, Agriculture, and Rural Areas,' which had been under discussion against the backdrop of events such as Russia's invasion of Ukraine.
- The average rate of price increases per occurrence is 15 percent, marking a record-high year for price hikes, surpassing the 2022 level of 14 percent for 25,768 product items. The cumulative number of food price increases in 2023 reached 32,395 items, significantly surpassing the 2022 record. The average rate of price increases by food category is as follows: processed foods such as frozen foods (14 percent), condiments including sauce products (8 percent), alcoholic beverages (9 percent), sweets (7 percent), dairy products including butter and cream products (6 percent), and raw materials such as olive oil and sesame products (10 percent) all experienced price increases.
- 'Washoku' (Japanese cuisine), commemorates its ten-year anniversary since its designation as an Intangible Cultural Heritage by the United Nations Educational Scientific and Cultural Organization (UNESCO). Since its registration in 2013, Washoku has gained international popularity, and the number of Japanese restaurants abroad has tripled, garnering attention to varying Japanese ingredients such as lotus root and Japanese white radish.

WESTERN JAPAN SNAPSHOT:

Western Japan accounts for around 40 percent of Japan's population and around one-third of the country's gross domestic product (GDP). The Kansai region, centered around the three major cities of Osaka, Kobe, and Kyoto, represents the second largest regional economy in Japan with 13 percent of national GDP. Kansai has a long history of importing and processing foods. Many of Japan's largest food manufacturers maintain offices in the region. Japan's top meat processors including Nippon Ham, Ito Ham, and Marudai Ham are headquartered in Kansai, as are major snack processors such as Ezaki Glico, Rokko Butter, Toyo Nuts, House, and Otsuka Foods.

Fuji Oil, Japan's top producer of plant-based foods using U.S. soybeans, is based in Osaka. Many of Japan's top international trading houses such as Itochu, Marubeni, Sojitsu, and Kanematsu originated in Kansai and maintain a strong regional presence there. The entire Western Japan region, including major cities of Hiroshima and Fukuoka, are home to some of Japan's most well-known bakeries including Oriental Bakery, Kobeya Baking, Andersen, Takaki Bakery, Saint Marc, and Ryoyu. Calbee, the top user of U.S. chipping potatoes, maintains large operations in Hiroshima and Kagoshima. The region is also host to several large processors of U.S. seafood such as Kanetetsu Delica Foods, Yamasa Kamaboko and Osaki Suisan. U.S. ingredient exporters interested in Western Japan are encouraged to contact ATO Osaka.

Production Value of the Japanese Food Processing Industry

Category of Foods	Value in Billion Dollars (USD)			1-year percent Change	Category Share percent
	2021	2022	2023		
Soft Drinks, Juices, Water	35.44	32.76	31.06	-5.19	17.1
Alcoholic Beverage	27.50	26.34	24.39	-7.4	13.4
Wheat Flour	24.13	16.66	20.12	20.78	11.1
Confectionery	22.15	18.98	18.31	-3.53	10.1
Dairy	20.32	18.1	22.28	23.09	12.3
Fats, Oils, Seasonings	19.75	16.48	15.34	-6.91	8.4
Processed Other Foods	15.92	13.76	8.52	-38.08	4.7
Health Foods	13.48	13.08	12.24	-6.42	6.7
Tea, Coffee & Cocoa	7.82	7.12	6.63	-6.88	3.6
Processed Meats	6.71	5.82	5.84	0.34	3.2
Frozen Foods	6.53	5.74	5.71	-0.52	3.1
Other Marine Products	5.23	4.36	3.82	-12.39	2.1
Sugars	4.29	4.03	4.12	2.23	2.3
Retort*	3.14	2.81	1.66	-40.93	0.9
Fish Paste	2.33	2.24	2.03	-9.34	1.1
Canned & Bottled Foods	1.66	1.24	1.24	0	0.7
Total	216.40.	189.52	181.66	-4.1	100

Source: Shurui Shokuhin Tokei Geppo Feb. 2021, Feb. 2022, Feb.2023

***Note:** Retort are food products that are cooked, sterilized, and packed in pouches or containers made of plastic film, metallic foil, etc., for convenience and prolonged shelf life.

USD=JPY 140.51 for 2023 ([Yearly Average Currency Exchange Rates| Internal Revenue Service \(irs.gov\)](#))

Advantages	Challenges
The United States has a reputation as a reliable supplier of food inputs in terms of availability, volume, and delivery.	Consumers perceive domestic food production as safer or higher quality than overseas production.
U.S. manufacturers produce many specialties that are attractive to Japanese consumers.	Connecting to the appropriate purchasing authority can be difficult.
Consumers have an affinity for American culture/cuisine.	The cost of marketing and advertisement can make it difficult to get product information to the consumers.

Key market drivers for the food-processing sector include:

- Continued diversification of diet.
Increased demand in pre-prepared foods.
- Heightened consumer and retailer food safety concerns.
- Increasing interest in health and functional foods with an emphasis on the needs of the aging population.
- Reduced or cheaper inputs to include international processing options to maintain competitive prices.

SECTION II: ROAD MAP FOR MARKET ENTRY

Market entry may take a considerable amount of time, especially for ingredient suppliers. Manufacturers frequently search for specific ingredients but may be unwilling to disclose new product development plans and reluctant to discuss product-sourcing needs. The challenge for U.S. ingredient suppliers, therefore, is to build a relationship with potential manufacturer partners so that when new product needs arise, that relationship can be leveraged. To capitalize on those opportunities, it is important to secure product and in-country representation. Therefore, building a relationship with a local importer is a critical early step.

A. Market Structure

The following illustration is a basic flowchart showing how imported products tend to enter and move through the traditional Japanese distribution system:

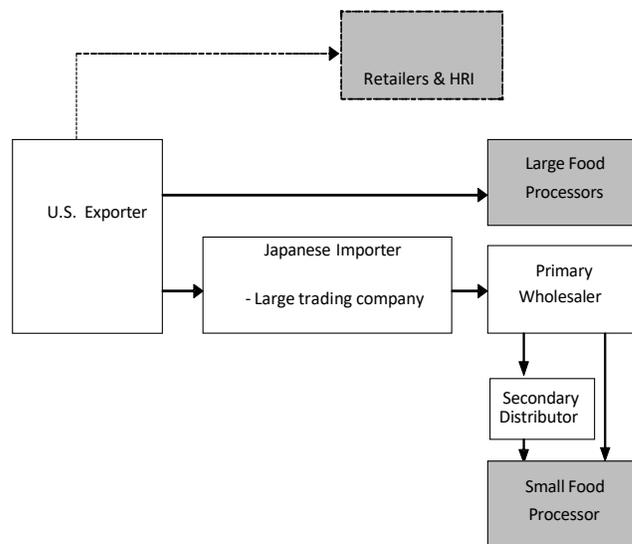
Ingredient products will most likely be handled by a:

1. General trading company
2. First-line wholesaler
3. Second-line wholesaler
4. Food processor

Trading companies play the following services:

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

Large food processors and retailers are increasingly purchasing sizeable quantities of



product directly from trading companies.

B. Market Entry

Regulations on ingredients and additives are very strict, and exporters must ensure that products are permitted. For additional information, please see below (Section C. 1.). As part of the product clearance and approval process, it is also common that local processors and the Japanese government request specific information regarding product handling and composition. In addition, local manufacturers have a reputation for demanding very high standards of product quality and consistency, while also having a reputation for working collaboratively with suppliers to develop long-term supply relationships. Despite the work involved, the Japanese market has enormous potential. Strategies for entering the market vary depending on product characteristics, competition, and the market environment. However, buyers in the food and beverage industry often prefer to find new products at large trade shows, or specially targeted trade shows, where they can look at many products at once. Therefore, participating in one of Japan's many trade shows is highly recommended to learn about the market and meet with potential business partners.

The largest local food related trade shows are the Supermarket Trade Show and FoodEx Japan, which take place every February and March, respectively.

C. Entrance Strategy:

To get started, companies interested in exporting should:

- a. Ensure production capacity to commit to the market,
- b. Ensure sufficient financial and non-financial (staff, time, etc.) resources to actively support exported product(s),
- c. Evaluate whether the ability exists to tailor product packaging and ingredients to meet foreign import regulations, food safety standards, and cultural preferences,
- d. Ensure knowledge necessary to ship overseas, such as being able to identify and select international freight forwarders, manage climate controls, and navigate export payment mechanisms, such as letters of credit,
- e. Research USDA cooperators or local State Regional Trade Groups (SRTG) by visiting the [“Getting Started”](#) FAS webpage). These groups work closely with USDA to help food and agricultural companies advance their exporting goals.

Once a company has established a foundation for exporting, they should:

1. Determine whether product is permissible by Japanese food regulations.

- a. The [Exporter Guide](#) and the [Food and Agricultural Export Regulations Report](#) (FAIRS), published by the USDA Japan offices contains much of the necessary information.
- b. For plant or animal health inquiries, local [APHIS offices](#) can provide information.
- c. If the product contains meat or meat products, companies should reference the [Food Safety Inspection Service Export Library](#).
- d. [JETRO's Handbook for Agricultural and Fishery Products Import Regulations](#) is a helpful tool for reviewing Japanese food regulations to determine product compliance, local laws regarding additives, residue levels, and processing procedures, as well as regulations in terms of weight, size, and labeling.

2. Perform basic market research by:

- a. Determining the specific area of the market that company product is targeting,
- b. Determining whether there is demand for the product by searching online websites, speaking with other companies that have experience in the market, visiting Japan to conduct market tours,

- or attending a trade show,
- c. Determining the comparative advantages of product versus Japanese and other suppliers, keeping in mind transportation and modification costs. Potential customers need to be convinced of the product merits: price savings, higher quality, higher value, or more convenient packaging.

3. Develop an export action plan:

Once the general market, product, and regulatory information is collected, companies should begin the process of creating an export action plan. This can be a helpful tool for relaying product vision to distributors and buyers. The plan should have some flexibility as portions may change after personal interaction with the market or as more information is gathered. This action plan should include:

- The company's story Goals and benchmarks, short/long-term
- Product Product modifications, if applicable
- Objective Product packaging and handling including literature in Japanese
- Market Financial resources to be committed
- Marketing plan Non-financial resources to be committed
- Schedule Additional financing
- Evaluation Potential importers and buyers

4. Get to know the market personally:

Companies should visit Japan to explore opportunities first-hand or find a representative. Face-to-face interaction is very important in Japan, where personal relationships are highly valued. Companies should vet their partners to ensure they have a good reputation and record of accomplishment.

D. Finding a Buyer

Trade shows are excellent tools for market research as well as for finding potential distributors. FAS updates the [list of USDA-endorsed trade shows](#) annually. Companies should contact their appropriate [SRTG](#) or USDA Cooperator to inquire about upcoming activities such as trade missions or showcases. For more information on trade shows in Japan, please read [GAIN JA2020-0054](#).

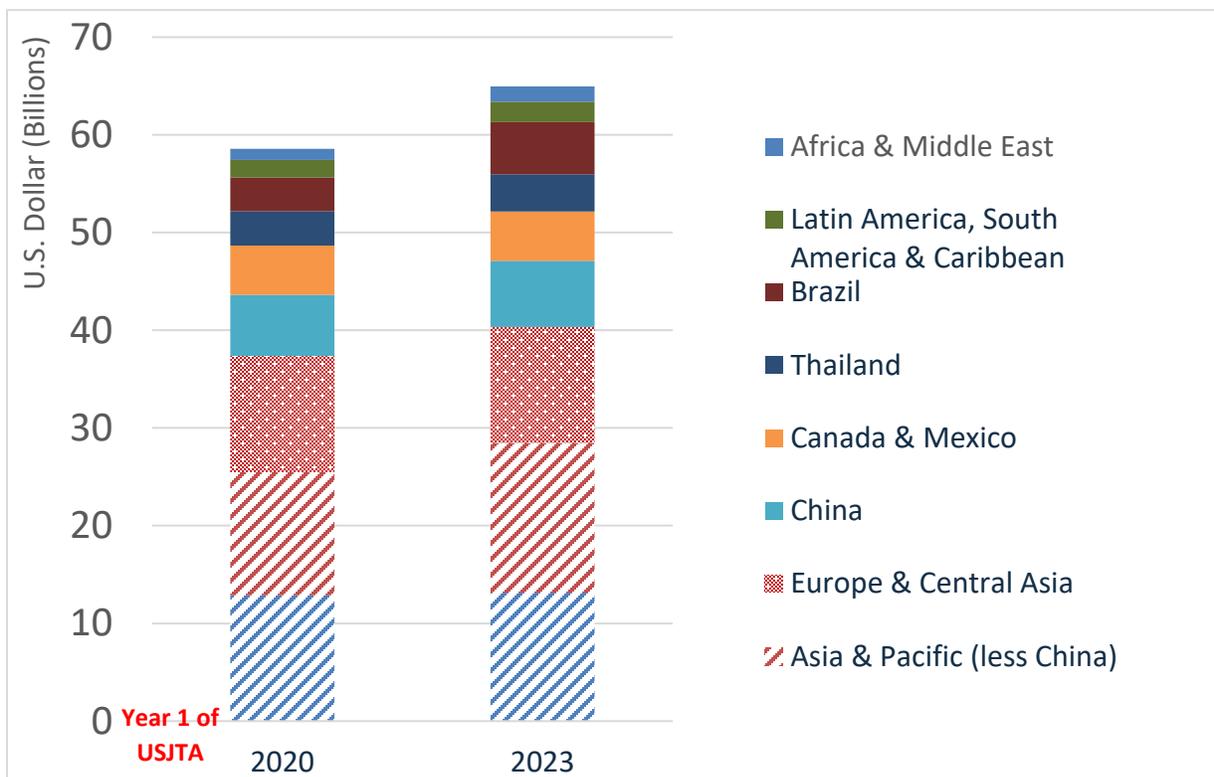
Selected Major Domestic Companies

Company (Main products)	Website
Kirin Holdings (Beverage, alcohol)	https://www.kirinholdings.co.jp/english/
Nippon Ham Foods Ltd. (Meats)	https://www.nipponham.co.jp/eng/
Meiji Holdings Co., Ltd. (Daily, beverage, confectionery)	https://www.meiji.com/global/
Ajinomoto Co., Inc. (Food and amino acids)	https://www.ajinomoto.com/en/?scid=av_ot_pc_comehead_logo
Yamazaki Baking Co., Inc. (Bread and bakery products)	https://www.yamazakipan.co.jp/english/index.html
Maruha Nichiro (Seafood)	https://www.maruha-nichiro.com/
Itoham Foods Inc. (Ham and Sausage)	http://www.itoham.co.jp/english/index.html
Megmilk Snow Brand Co., Ltd. (Dairy products)	http://www.meg-snow.com/english/
Kewpie Corp. (Mayonnaise and Dressing)	https://www.kewpie.co.jp/english/
Asahi Group (Beverage, alcohol)	https://www.asahigroup-holdings.com/en/
Suntory Ltd. (Beverage, alcohol)	https://www.suntory.com/softdrink/index.html

SECTION III: COMPETITION

The United States is the leading pork supplier to Japan followed by Canada and Spain. Japanese consumers strongly associate beef with the United States, for which the import market is shared with Australia. U.S. wheat accounts for about 40 percent of annual imports, with Canada and Australia accounting for about 38 percent and 21 percent, respectively. Soybean imports are primarily from the United States on a value basis at approximately 70 percent, with Brazil and Canada being the main competitors for food-grade soybeans. Cheese is supplied mainly by New Zealand and Australia, each with a market share of about 15 percent. The United States' main competitive countries in vegetables and fruit are Asian countries such as Thailand, Philippines, and South Korea, with China primarily supplying on proximity, price competitiveness, and varietal preferences. However, the political situation in recent years has influenced Japan's imports, which has led to increased imports from European and Middle Eastern countries. Thailand dominates the poultry meat market as well, ahead of Brazil and China; together comprising 98 percent of imports. The United States is the top supplier of corn, followed by Brazil.

Japan's Agricultural Imports (U.S. & World - 2023)



Note: Japan's dependence on imports have continued to grow and widen over the past two decades, stemming from Japan negotiating & entering into Free Trade Agreements. In year 5 of the USJTA, the U.S. has gained back market share, providing the U.S. tariff parity among the competition.

SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES

With the implementation of USJTA, USDA Japan published one-page fact sheets to highlight key product categories that received preferential tariff treatment in the agreement (linked in the table below). More information on tariff treatments may be found at [USDAJapan.org](https://www.usda.gov/japan).

Products Present in the Market which have Good Sales

Wheat & Wheat Products: U.S. food wheat is a key ingredient in Japanese bakery and noodle production. USJTA provides tariff parity with competing food wheat suppliers such as Australia and Canada.

Tree Nuts & Peanuts: In 2023, Japan imported \$699.7 million of tree nuts, of which 45.5 percent were from the U.S. tree nuts are increasing in popularity especially in the convenience health snack sector. Almonds, walnuts, pecans, and peanuts, in plain, roasted, and salted forms, are common in single-serve snack packaging at convenience stores across Japan.

Cheese Products: Consumers are taking advantage of expanded retail options in supermarkets. Popular processed products include sliced cheese, cheese sticks, and bite-sized cheese wedges.

Pork & Pork Products: Japan imports around 50 percent of its pork supply. Pork is one of the most popular protein choices for Japanese households and ground seasoned pork (GSP) is a key ingredient for domestic sausage manufacturers.

Potential Products Not Present in Market but which have Good Sales

Frozen breads: These products are in demand, but these are difficult to package, and ship frozen.

Potential Product Not Present Because They Face Significant Barriers

Cherry plums: These products currently face barriers to trade with fumigation restrictions. There is significant costs for suppliers in attempting small volumes.

Organic strawberries: These products require fumigation. Once fumigated, the product's shelf life is limited and also cannot be distributed as organic produce.

Peaches: Peaches are the only stone fruit not allowed for import into Japan. Once this barrier is lifted, it may facilitate the combined fumigation protocol of cherry plums and peaches, which would drive higher volume and demand in the Japanese market.

SECTION V: KEY CONTACTS

Reports from USDA Japan, including the Agricultural Trade Offices and the Office of Agricultural Affairs, are frequently updated and can be found by searching the [FAS Japan Reports website](#).

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2-11-5, Nishi Tenma, Kita-ku, Osaka City,
Osaka 530-8543
Tel: 81-6-6315-5904
Fax: 81-6-6315-5906
E-mail address: atoosaka@usda.gov

USDA Japan Webpages

<http://www.usdajapan.org/> (FAS Japan,

English) <https://twitter.com/usdajapan> (FAS
Japan, English)

Japan External Trade Organization (JETRO)

Japanese market and regulations:

<https://www.jetro.go.jp/en/reports/> Japan Food Sanitation Law:

[Japan Food Sanitation Act](#)

Specifications and Standards for Foods, Food Additives, etc. under the Food Sanitation Law:

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

Ministry of Health, Labor and Welfare

Imported Food Safety: [Imported Food Safety | Ministry of Health, Labour and Welfare \(mhlw.go.jp\)](#)

Japan Food Sanitation Law: <https://www.japaneselawtranslation.go.jp/en/laws/view/3687>

U.S. laboratories approved by the Japanese Government, visit

[Ministry of Health: List of Foreign Official Laboratories \(mhlw.go.jp\)](#)

Attachments:

No Attachments