

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Japan Cheese Consumption Remains Stable Despite Pandemic Disruptions

**Country:** Japan

**Post:** Tokyo ATO

**Report Category:** Agricultural Situation, Agricultural Trade Office Activities, Agriculture in the Economy, National Plan, Policy and Program Announcements, Agriculture in the News, Dairy and Products

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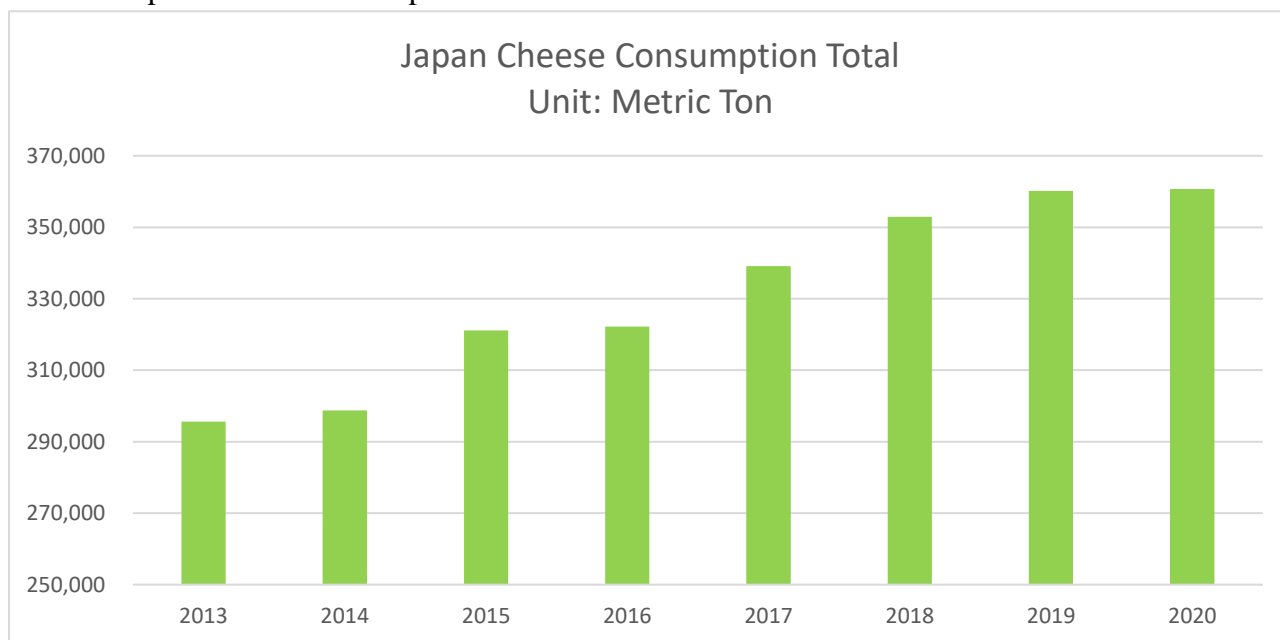
**Report Highlights:**

This report focuses on Japan's cheese market and the potential for continued growth. In 2020, the United States exported over \$162 million of cheese products to Japan, making Japan the third largest overseas market for American cheese. Cheese consumption in Japan exceeded expectations despite disruptions caused by the COVID-19 pandemic. Cheese consumption in Japan totaled 360,744 metric tons, with per capita consumption totaling 2.7 kilograms (5.9 pounds) in 2020. While Japan has a unique diet, consumers continue to learn more about the diverse ways to enjoy cheese, particularly while staying home amidst a sixth wave of COVID-19.

## Japan Cheese Market Structure

Japanese cheese consumption in 2020 increased marginally by 0.2 percent totaling 360,744 metric tons from a year prior, according to recent statistics released by the Ministry of Agriculture, Forestry and Fisheries (Chart 1). Prior to the pandemic, cheese consumption in Japan traditionally was led by the food service industry through popular pizza restaurants/delivery, Italian and Spanish restaurants. According to a private research laboratory, Hot Pepper Foodservice Research Institute (Recruit), sales of the food service industry in major cities such as Tokyo, Nagoya and Osaka, experienced declines of approximately 45 percent, totaling approximately JPY \$2.16 trillion (USD \$19 billion) from April 2020 to March 2021. This was attributed to Japan's multiple state of emergency declarations and restricted restaurant business service and operating hours. Despite this, cheese consumption quickly rebounded by increased demand in pizza delivery as a result of more stay-at-home/work from home consumers. This segment is the largest user of natural cheese in the Japan food service industry, according to Japan Imported Cheese Promotion Association.

Chart 1: Japan Cheese Consumption - Trend



Source: Ministry of Agriculture, Forestry and Fisheries

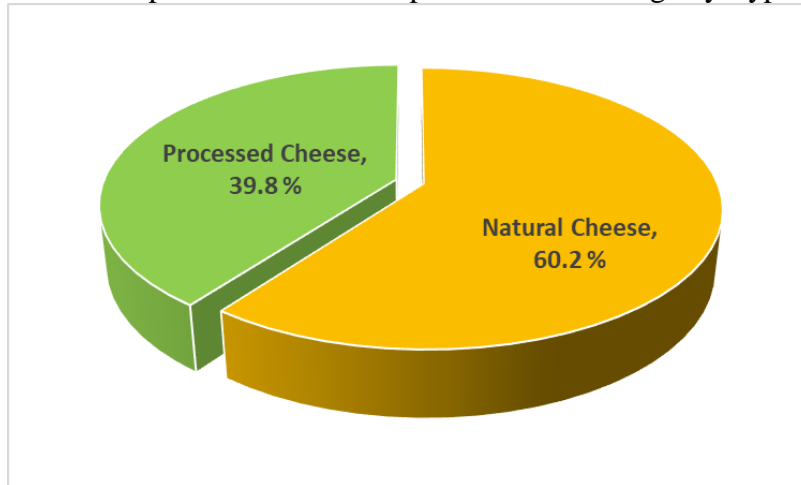
Statistics from: Hot Pepper (Recruit) Food Service Research Institute:

<https://www.hotpepper.jp/ggs/research/article/column/20210914>

Exchange rate: JPY113 per US\$

A unique characteristic of the cheese market in Japan is the high proportion of processed cheese, particularly for the retail industry. Natural cheese is mainly utilized for the food service industry and less for the retail industry due to a shorter shelf life than that of processed cheese. The Japan cheese market consists of 60 percent natural cheese and 40 percent processed cheese, totaling 143,525 metric tons in 2020.

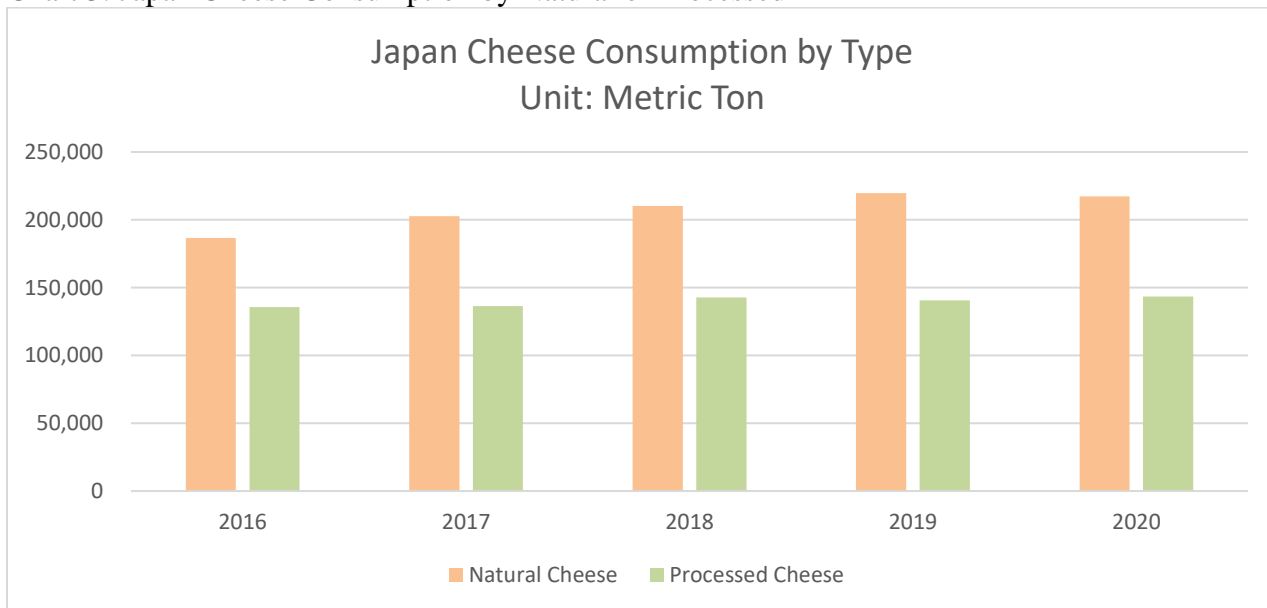
Chart 2: Japan Cheese Consumption as a Percentage by Type



Source: Cheese Demand and Supply statistics, Japan Ministry of Agriculture, Forestry and Fisheries (MAFF)

In the retail market segment, such as supermarkets and convenience stores, the majority of cheese products consist of individually wrapped processed cheese. This is simply because the best before dates of processed cheese is longer than natural cheese. Japan's warm and humid climate tends to limit the quality of natural cheese, even if refrigerated. As a result, domestic cheese manufacturers have continued to develop new and varying styles of processed cheeses with longer expiry dates. The consumers who know the difference between natural cheese and processed cheese are limited in Japan. The core consumers of natural cheeses are affluent Japanese with robust palates and an expertise for fine dining. Most Japanese consumers typically buy cheese without much awareness between the differences of natural cheese and processed cheese.

Chart 3: Japan Cheese Consumption by Natural or Processed






Source: Cheese Demand and Supply statistics, Ministry of Agriculture, Forestry and Fisheries

## Processed Cheese Market




Cheese consumed at home has been traditionally eaten as an affordable snack while drinking in Japan. According to an interview conducted by the Agricultural Trade Office with one of the major cheese importers in Japan, sales of traditional style portion cheese (baby cheese or six pack) and snack cheese, increased in 2020 despite market turbulence during the pandemic.

### Snapshot: Typical Processed Cheese Japan - QBB brand, Rokko Butter Co., Ltd., Japan

		
<p>One of the classical packaging of processed cheese, a pound carton, sold in Japan before 1972. It is sold as an 800-gram pack only for the on-premise in the market. Best before 356 days.</p>	<p>Current QBB Baby Cheese which was replaced from carton cheeses to an individual wrapped cheese in 1972, 4 packs (60 grams) per pack, suggested retail price Y204 (\$1.80) per pack.</p>	<p>Seasonal and premium lines of baby cheeses, focused aged cheese, blue-veined, porcini mushroom and truffle. Rokko Butter Co., Ltd.</p>

ATO research: <https://www.qbb.co.jp/babycheese/lineup/>

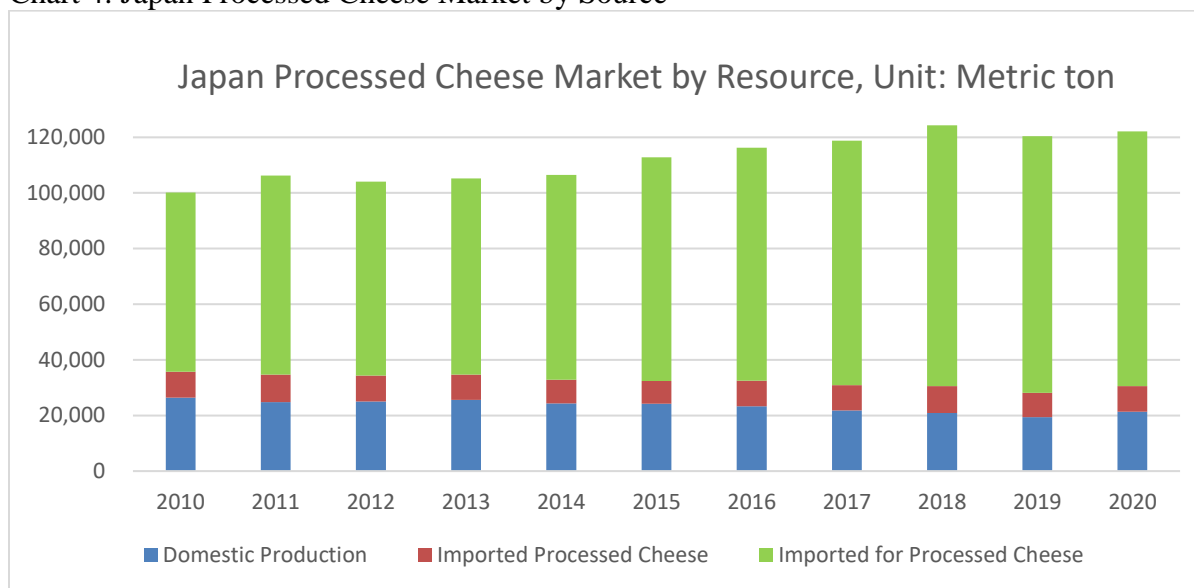
### Snapshots: Variety of Processed Cheese – Megmilk Snow Brand’s, Japan

		
<p>Long-seller cheese since 1954, named “6P Cheese”, 6 pieces (108 grams) per pack, retail price (suggested) JPY365 (\$3.23) per pack, best before 270 days.</p>	<p>Majority of sliced cheeses in Japan are process cheese, 7 slices (226 g) per pack Y360 (\$3.18), best before 270 days.</p>	<p>Processed Grated (powdered) cheese, 80 grams per pack, Y465 (\$4.11) per pack. Best before 270 days</p>

ATO research: <https://www.meg-snow.com/products/list.php?c=cheese>

According to MAFF statistics in 2020, processed cheese consumption totaled 143,525 metric tons (MT) including stock from previous years (Chart 4). A total of 91,532 MT of natural cheese was imported for the production of processed cheese within the country in 2020. Imported processed cheese totaled 9,247 MT in the same year, representing 6.4 percent of the processed cheese market in Japan. A total of 21,307 MT of domestically produced natural cheese was utilized in making processed cheese.

Chart 4: Japan Processed Cheese Market by Source



Source: MAFF, (HS Code: 0406.10-010, 0406.40-010 and 0406.90-010)

“Domestic Production” means made from the domestic fresh cheese within Japan

“Imported for Processed Cheese” means made from imported fresh cheese for producing processed cheese in Japan

### Top Cheese Imports to Japan

According to the latest statistics from January through October 2021, cheese imports decreased marginally by 0.8 percent in quantity from the same period in 2020 (Chart 5). The top exporter to Japan was Australia which experienced a nearly 15 percent decline in quantity due to unseasonable weather, which reduced cheese production. The second top exporter to Japan was New Zealand which increased exports by one percent in quantity from the same period in 2020. However, cheese exports from New Zealand to Japan were still affected by big drop of approximately 13 percent in 2020.

Chart 5: Japan Cheese Imports by Country

Country	Quantity (Unit: Metric Ton)			Change	Share	January - October			
	Year	2018	2019			2020	'20/'19	% 2020	2020
World Total		285,700	302,601	291,550	-3.65	100.0	243,078	241,077	-0.82
Australia		83,043	82,880	71,965	-13.17	24.7	61,309	52,216	-14.83
New Zealand		62,214	67,846	59,069	-12.94	20.3	50,070	50,572	1.00
United States		33,256	36,625	36,376	-0.68	12.5	30,753	32,168	4.60
Netherlands		30,201	33,482	32,157	-3.96	11.0	25,640	27,955	9.03
Germany		18,174	19,139	26,322	37.53	9.0	21,638	22,019	1.76
Ireland		9,475	11,436	16,702	46.05	5.7	13,912	13,483	-3.08

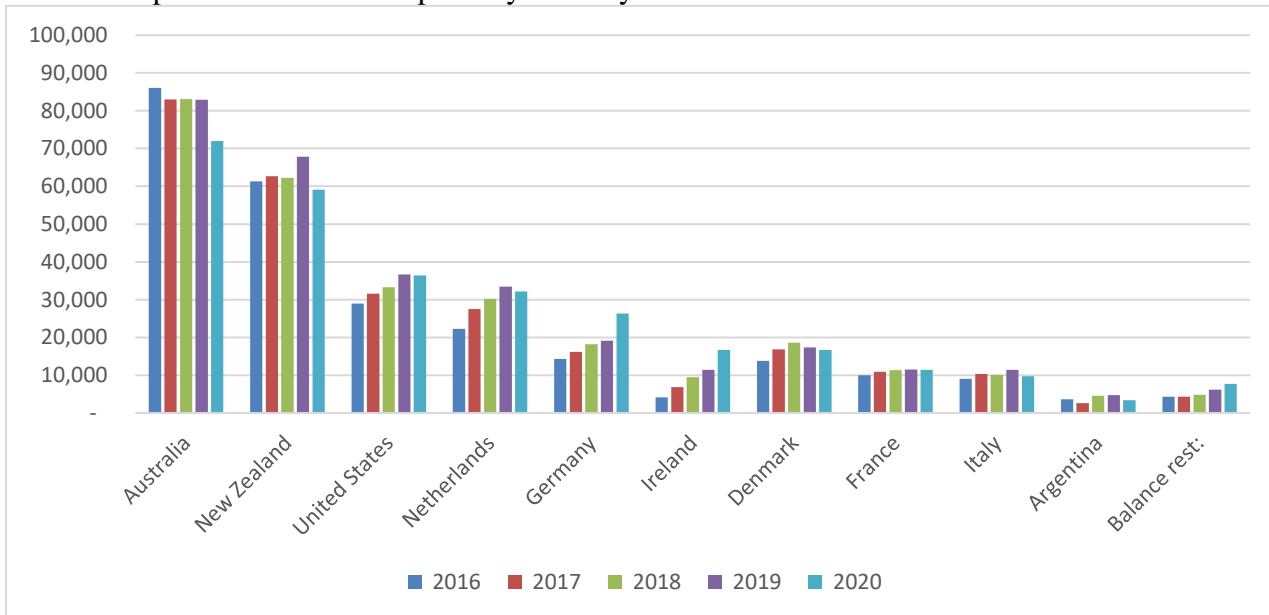
Denmark	18,607	17,361	16,699	-3.81	5.7	13,129	15,305	16.57
France	11,316	11,471	11,447	-0.21	3.9	9,468	9,731	2.78
Italy	10,104	11,433	9,729	-14.90	3.3	8,128	8,712	7.19
Argentina	4,535	4,741	3,408	-28.12	1.2	2,952	1,632	-44.72

Source: Trade Data Monitor - HS Code 0406 All

### U.S. Cheese Exports to Japan

In 2020, the United States exported over \$162 million of cheese products to Japan, making Japan the third largest overseas market for U.S. cheese. Japan is a major importer of U.S. hard cheeses such as cheddar. In addition to this, it imports cream cheese and grated/powdered natural cheese. In terms of volume, the United States exported 36,376 MT in 2020, which accounted for approximately 13 percent of Japan’s total cheese imports. From January 2021 through October 2021, cheese exports from the U.S. to Japan increased by approximately five percent from the same period in the year prior. On the other hand, cheese imports from the Netherlands, Germany and Denmark also increased by 9 percent, 1.8 percent, and 17 percent respectively from the same period in 2020, due to favorable prices offered to Japan.

Chart 6: Japan Total Cheese Imports by Country

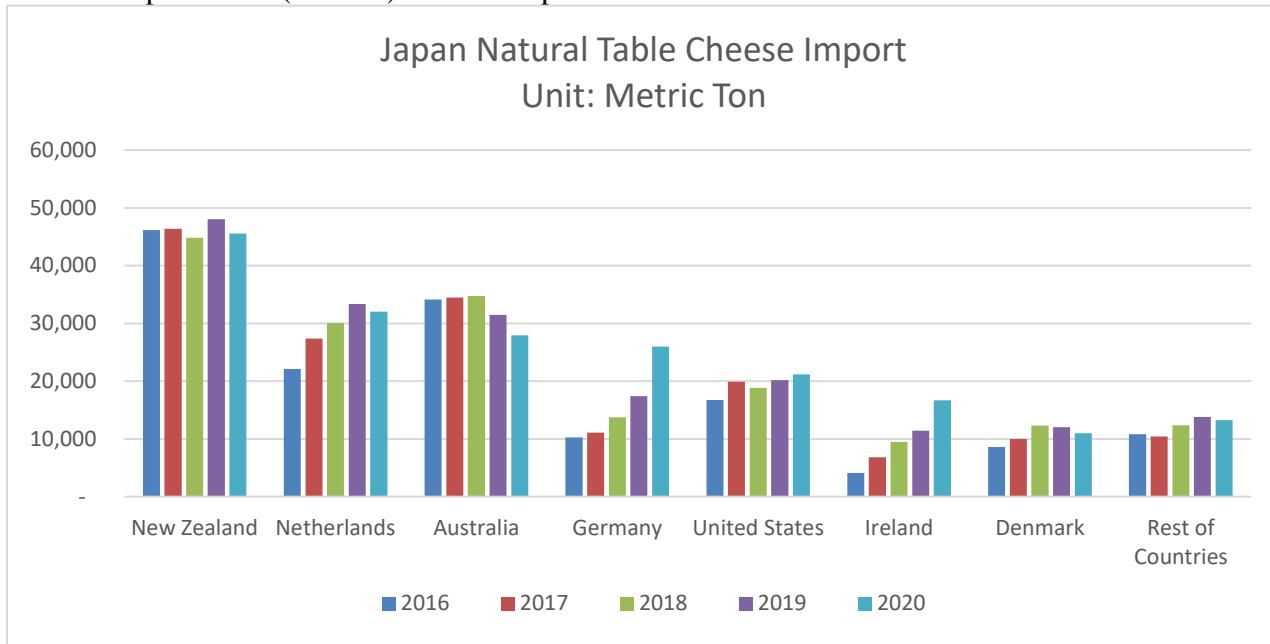


Source: Trade Data Monitor  
 HS Code 0406 All, Unit: Metric tons

### Prospect of Natural/Fresh Cheese

Imports of table cheese (natural), such as cheddar and penicillium cheeses (HS Code 0406.40 and 0406.90), to Japan experienced an approximately three percent increase from January to October 2021, compared to the same period in 2020. The United States, including several natural cheese exporting countries, experienced export growth by 4.4 percent to Japan, compared to the same period for 2020.

Chart 7: Japan Table (Natural) Cheese Imports



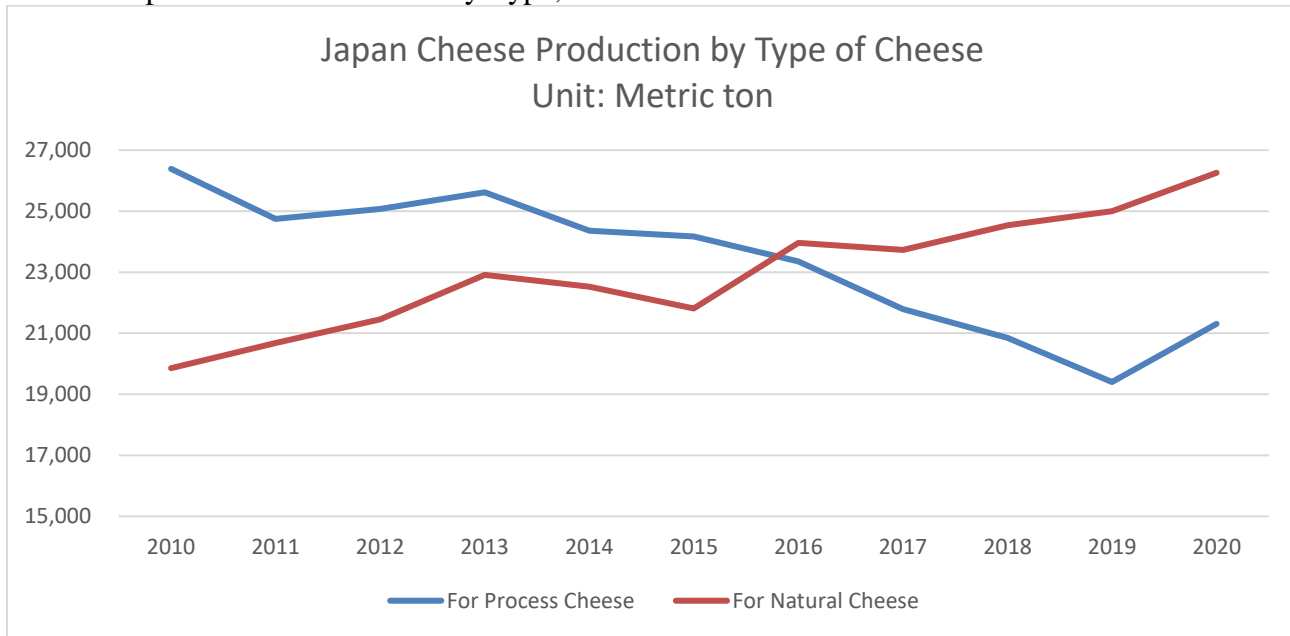
Source: Trade Data Monitor  
 HS Code 0406.40 and 0406.90

**Post COVID-19 Pandemic**

In the food service industry, pizza delivery and Italian restaurants have been the biggest users of natural cheese in the market even before the pandemic. It is expected that cheese consumption in the restaurant and catering industry will recover after the COVID-19 pandemic.

In terms of the retail industry, natural cheese had been rarely used in prepared meals at home. However, when schools were closed during the state of emergency (SOE), families learned to enjoy varying new recipes using cheese for home cooking. These recipes along with marketing efforts by social networking sites and other media efforts, enabled natural cheese consumption to positively trend among consumers. There is strong optimism that household cheese consumption will continue to grow, particularly as domestic cheese production shifts into high value-added natural cheese moving forward.

Chart 8: Japan Cheese Production by Type; Natural & Processed



Source: Cheese Demand and Supply Statistics, MAFF

According to CHESCO Company, household consumption of processed cheese increased by five percent in 2020, compared to the same period in the year prior. CHESCO is a major Japanese cheese importer that also chairs the Japan Cheese Promotion Association. In addition to this, household consumption of natural cheese also increased by 15 percent in 2020 compared to the same period from the previous year. This is attributed to the strong “stay-home consumption” which resulted in the increased usage of Camembert, Mozzarella, Parmigiano, and cream cheese for cooking. Creative marketing and development to increase familiarity with natural cheese has continued to help expand cheese imports to Japan.

### Domestic Manufacturers Products – Natural Cheese




Domestic manufacturers are also focusing on more production of natural cheese. Megmilk Snow Brand, the largest dairy producer in Japan, sells natural cheese that features 100 percent Hokkaido milk to promote sales of natural cheese (Snapshot below). The products are packed in airtight packages to extend the expiration date to compete with imported products. In addition, high quality artisan cheese is popular in domestic rural area where the dairy industry has been supported by Japanese governments. In general, they characterized by smaller size production and higher price.



			
<p>Camembert type cheese – Hokkaido made, 100 grams per pack, retail price Y500 (\$4.42), best before (BB)180 days, pasteurized.</p>	<p>Smoke flavored strings (Sakeru) cheese, 50 grams/2 sticks per pack, Y220 (Y1.95), BB 120 days.</p>	<p>Cream cheese - Hokkaido made, 100 grams per tab, retail price Y260 (\$2.30) per tab, BB 90 days</p>	<p>Shredded Mozzarella cheese, 120 grams per pack, retail price Y355 (\$3.14) per pack. Best before 100 days.</p>

Source: <https://www.meg-snow.com/products/list.php?c=cheese>

**Domestic Artisan Cheese – Atelier de Fromage, Nagano**

		
<p>Camembert cheese made by Nagano based artisan dairy factory, Atelier de Fromage, 140 g per pack, Y1,404 online shop, BB over 18 days</p>	<p>Award winning fresh Mozzarella cheese, 100 g per pack, Y756 online shop, BB more than 9 days</p>	<p>Coarsely grated hard cheese, 200 g per bag, Y1,080 online shop, BB more than 31 days</p>

Atelier de Fromage, address 504-6 Mihari, Toumi city, Nakano

Source: URL: <https://www.a-fromage.co.jp/shop/products/list.php?category>

**Healthy Influence**

The health benefits of cheese are well known among Japanese consumers. In general, cheese is known for its high protein and calcium content. Several marketing efforts on tv programs early on in Japan, highlighted penicillium cheeses, such as blue cheese, Roquefort, gorgonzola and stilton as having beneficial aging benefits. In addition to this, white mold cheeses such as camembert and brie, were highlighted for its preventive properties for dementia. These creative marketing efforts were a success in Japan and helped cheese sales surge while remaining popular among consumers.

American cheeses such as Monterey jack and cheddar are used at some gourmet hamburger shops in Japan. Despite, the lackluster name recognition of these cheeses in the market, ongoing marketing, and promotional efforts to increase awareness has been positively received.

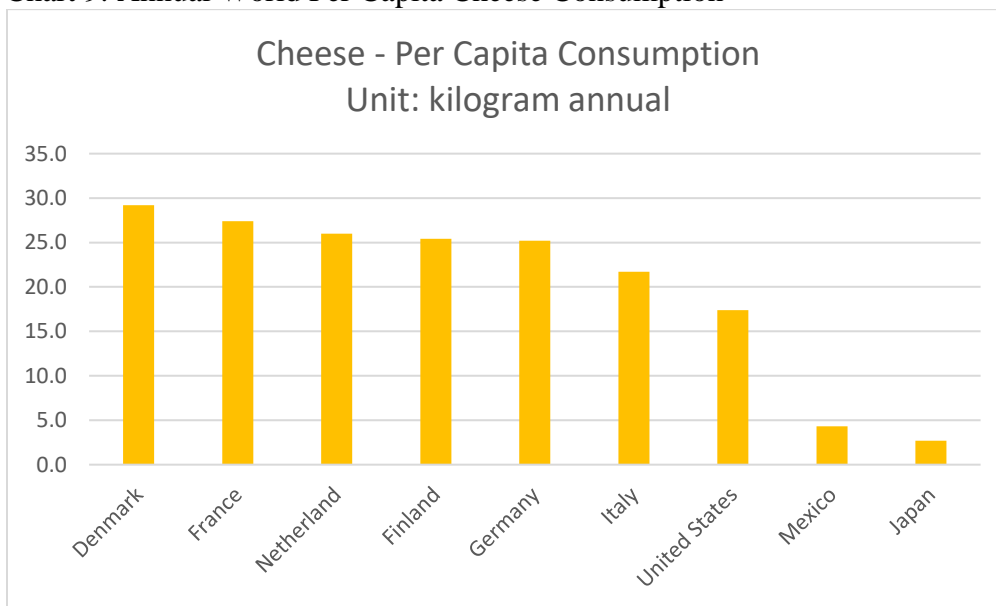
## Challenges

Current port congestion between the United States and Japan continues to result in cancelled or delayed shipments. The growing delays caused concerns over best-before date expirations. As a result, imports of U.S. table natural cheese are now limited to air shipment, which also impacts the costs. The price of imported cheese is currently cost prohibitive, a near-term challenge for U.S. product expansion in the market.

## Prospects

Japan's annual per capita consumption of cheese was 2.7 kilograms in 2020, according to statistics by the International Dairy Federation. Japanese consumption was about one-tenth of Denmark's 29.2 kilograms or France's 27.4 kilograms. It was also about one sixth of the United States' 17.4 kilograms per capita consumption. Japan's cheese consumption history dates back to 1,000 years ago which was called "So" in Japanese. It was made from cooked milk and reduced for preserved food. Creative marketing and promotion of cheese to consumers, particularly on the various methods of eating cheese products, pairing possibilities and health benefits, remain attractive to consumers and may help increase demand for cheese products.

Chart 9: Annual World Per Capita Cheese Consumption



Source: IDF World Dairy Situation Report 2021, International Dairy Federation Japan

## Import Duties

The U.S.-Japan Trade Agreement (USJTA) entered into force on January 1, 2020. In this agreement, Japan committed to provide substantial market access to the United States by phasing out most tariffs, enacting meaningful tariff reductions, or allowing a specific quantity of imports at a lower duty. Once USJTA is fully implemented, nearly 90 percent of U.S. food and agricultural products imported into Japan will be duty free or receive preferential tariff access. For specific details, please reference the following site: <https://www.usdajapan.org/download/4063/>. Please note that the information provided is not fully comprehensive and additional details may be found in the agreement text itself.

## **Cooperators**

U.S. agricultural cooperators, such as the U.S. Dairy Export Council (USDEC) and the California Milk Board (CMB) have regional representative offices in Tokyo that promote U.S. dairy products including cheese in the market. Japan Imported Cheese Promotion Association is a counterpart which mainly works to maintain the safety of imported cheese in Japan. Its core members consist of 26 cheese importers with each company developing new products for the market. The Agricultural Trade Office (ATO) has been working with the cooperators and Japanese counterparts to support promotion of U.S. dairy products through trade showcases and variety of promotional activities in Japan.

## **KEY CONTACTS AND FURTHER INFORMATION**

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:

<https://www.usdajapan.org/> and <https://gain.fas.usda.gov/#/>

For more about dairy production, please refer to the following link:

[https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Dairy%20and%20Products%20Annual\\_Tokyo\\_Japan\\_10-15-2021](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Dairy%20and%20Products%20Annual_Tokyo_Japan_10-15-2021)

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E-mail address: [atoosaka@usda.gov](mailto:atoosaka@usda.gov)

### **USDA Japan Online**

For more information on the Japanese market for U.S. agricultural products, please visit;

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

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

## **Attachments:**

No Attachments.