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Japan

Food Processing Ingredients

Food Processing

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Report Highlights:
The value of the Japanese food processing industry was estimated at 23 trillion Yen in 2014, an increase of 0.2% from 2013. The Japanese food processing industry continues to be viewed as a stable industry.

Post:
Tokyo ATO

Commodities:

SECTION I: Market Summary

A. Overall Market Summary

The value of the Japanese food processing industry was estimated at 23 trillion Yen in 2014, an increase of 0.2% from 2013. The Japanese food processing industry continues to be viewed as a stable industry. Products related to health foods and home-cooking options such as frozen foods experienced the most growth. Because of the fluctuating exchange rates in recent years, the value data in this report is reported in Japanese Yen. The following table of average annual exchange rates is provided as a reference (The yen continued to weaken, hitting 119.58 yen to the dollar by December 2014):

Figure 1: Average Yen by Year

Yearly average	2011	2012	2013	2014
JPY per USD	80.84	80.82	98.65	106.85

Source: http://murc-kawasesouba.jp/fx/year_average.php

Figure 2: Sales Value of the Japanese Food Processing Industry 2012-2014

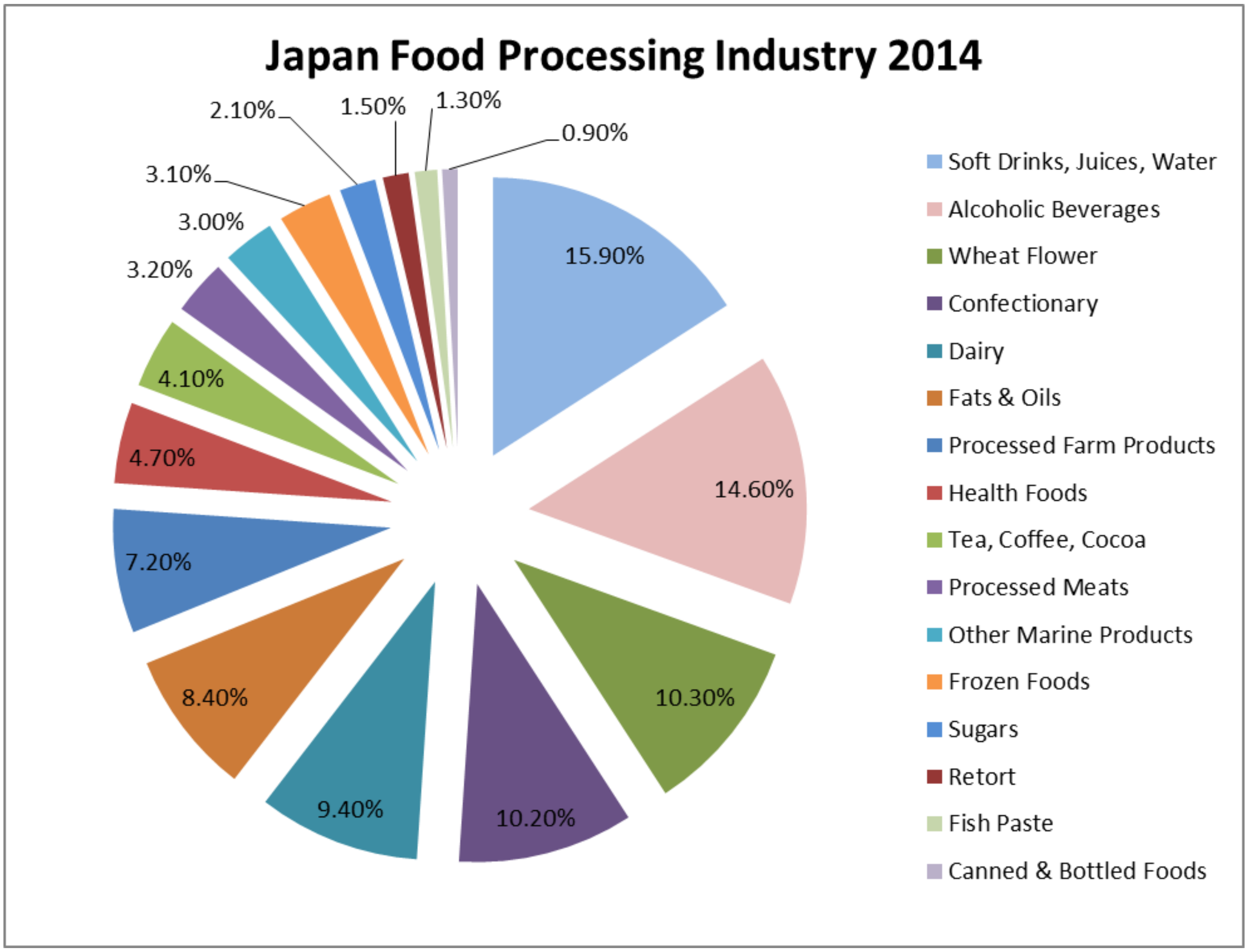
Category of Foods	2013 (Millions of Yen)	2014 (Millions of Yen)	2015 Est.(Millions of Yen)	Year to Year %		Composition Ratio (%)	Composition Ratio (%)
				(2014/2013)	(2015/2014)	2013	2014
Soft Drinks, Juices, Water	3,708,297	3,660,581	3,651,191	98.7%	99.7%	16.5%	15.9%
Alcoholic Beverage	3,322,646	3,358,821	3,379,432	101.1%	100.6%	14.6%	14.6%
Wheat Flower	2,351,200	2,370,100	2,354,000	100.1%	100.8%	10.3%	10.3%
Confectionary	2,343,700	2,350,000	2,358,200	100.3%	100.3%	10.3%	10.2%
Dairy	2,181,415	2,152,300,	2,167,480	98.7%	100.7%	9.3%	9.4%
Fats & Oils	1,917,560	1,927,158	1,938,590	100.5%	100.6%	8.4%	8.4%
Processed Farm Products	1,640,430	1,645,920	1,651,440	100.3%	100.3%	7.2%	7.2%
Health Foods	1,000,000	1,070,000	1,140,000	107.0%	106.5%	4.3%	4.7%
Tea, Coffee, & Cocoa	938,070	950,600	946,050	101.3%	99.5%	4.2%	4.1%
Processed Meats	726,500	739,000	739,000	101.7%	99.5%	3.2%	3.2%

Other Marine Products	697,935	688,300	677,004	98.6%	98.4%	3.0%	3.0%
Frozen Foods	677,373	703,650	710,600	103.9%	101.0%	2.9%	3.1%
Sugars	504,790	488,970	491,150	96.9%	100.4%	2.2%	2.1%
Retort	332,000	338,220	340,010	101.9%	100.5%	1.5%	1.5%
Fish Paste	300,196	303,965	301,275	101.3%	99.1%	1.3%	1.3%
Canned & Bottled Foods	213,923	213,440	209,549	99.8%	98.2%	1.0%	0.9%
Total	22,746,230	22,884,885	23,058,725	100.6%	100.8%	100%	100%

Source: Shurui Shokuhin Tokei Geppo (酒類食品統計月報1月号,January 2014 pp21, 2015 pp19)

Changes in 2014 were very minor. Soft drinks, juices, & water, canned & bottled foods, fish paste, other marine products, and tea, coffee, & cocoa saw slight decreases. Alcoholic beverages, frozen foods, and health foods continue to rise. Other sectors remained flat, showing the stability of the food processing sector.

Figure 3: Japan Food Processing Industry 2014



Source: Shurui Shokuhin Tokei Geppo （酒類食品統計月報, January 2015）

B. Domestic Companies

The Japanese food processing industry is dominated by 15 major companies that made up 59.5% of the market sales in 2014. The largest company, is Kirin Holdings Co., Ltd. *Appendix A* provides a table of the top 15 Japanese food processing companies with their net sales, end channels, production locations, procurement channels, and contact information. This table has been included to provide a more detailed image of the current food processing industry in Japan.

C. Key Market Drivers

Key market drivers for the food processing sector include:

- A deflationary economic environment over the past decade, causing processors to seek out lower cost food inputs and international processing options in order to remain competitive.
- Increasing interest in health and functional foods with an emphasis on the growing aging population.

- Increasing emphasis on convenience, ready-to-eat, and value-priced foods.
- Continued diversification of the Japanese diet.
- Personalization and individualization of food and food marketing.
- Larger focus on the demographic of twenty- to thirty- year olds.
- Heightened consumer and retailer food safety concerns.

D. U.S. Involvement in the Industry

The United States is by far the largest exporter and supplier of agricultural products to the Japanese market, representing 26.31% of all imports by value in 2014. This is an increase from the 23.7% figure in 2013, and the gross value increased from $13.7 billion to $14.6 billion. The U.S. remains the dominant exporter for agricultural products both in terms of market share and value. This is more than double the sales from the second leading competitor, China. Other countries remained relatively stable in 2014 or saw small declines in exports to Japan while the United States experienced a market share increase of over 6%.

Figure 5: Major Food Exporters to Japan

Rank	**Partner Country**	**USD (millions)**			**% Share**			**% Change**
		2012	**2013**	**2014**	**2012**	**2013**	**2014**	**2013/2014**
	World	61,569	57,779	55,570	100.00	100.00	100.00	-3.82
1	United States	15,756	13,740	14,618	25.59	23.78	26.31	6.39
2	China	7,919	7,286	7,194	12.86	12.61	12.95	-1.28
3	Australia	4,771	4,340	3,946	7.75	7.51	7.10	-9.10
4	Canada	4,653	4,223	3,782	7.56	7.31	6.81	-10.44
5	Thailand	4,401	4,009	3,777	7.15	6.94	6.80	-5.81
6	Brazil	3,428	3,993	2,761	5.57	6.91	4.97	-30.86
7	France	1,800	1,593	1,659	2.67	2.76	2.98	4.05
8	New Zealand	1,541	1,387	1,445	2.50	2.40	2.60	4.16
9	Indonesia	1,645	1,555	1,267	2.92	2.69	2.28	-18.53
10	Argentina	598	1,181	1,098	0.97	2.05	1.98	9.63

Source: Global Trade Atlas: Agricultural Total Group 2

Source: Global Trade Atlas

Figure 6: Major Exporters to Japan

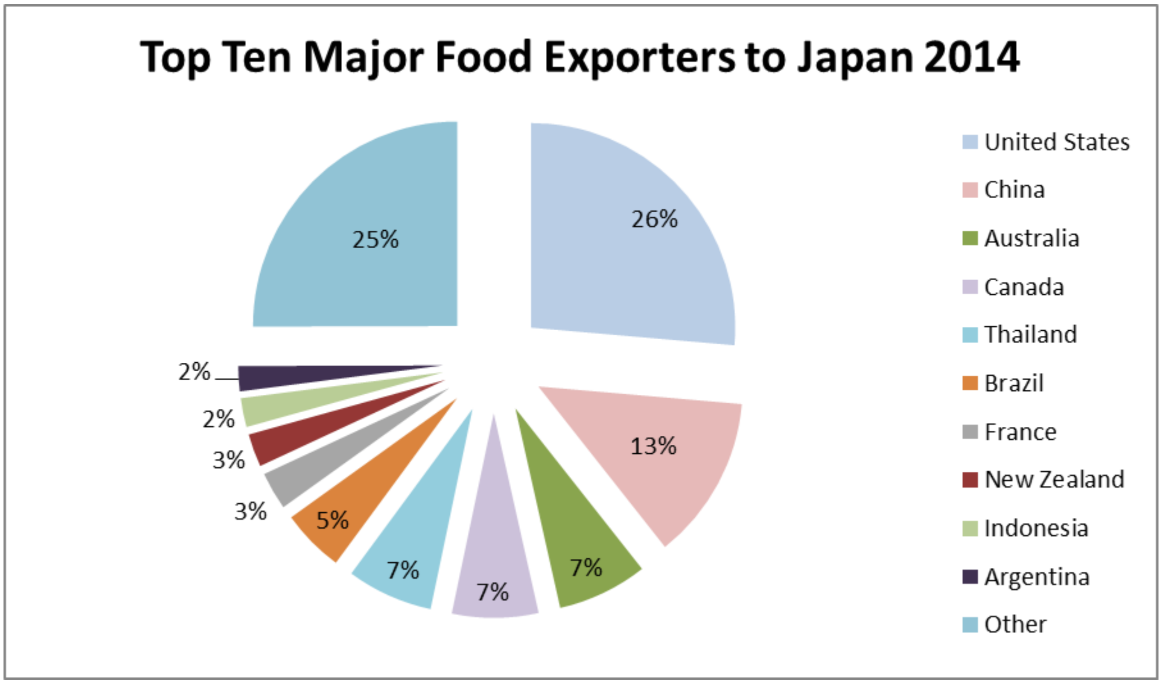


Figure 7: Japan Import Statistics from United States 2014

Description	United States Dollars			% Change
	2012	2013	2014	2013/2014
Beverages	390,185,600	384,615,631	361,244,972	-6.08
Preserved Foods	44,216,081	44,533,083	43,177,909	-3.04
Cereals	14,849,145	10,295,847	16,326,165	58.57
Misc. Grain, Seed	3,625,708	3,372,642	3,434,570	1.84
Miscellaneous Food	611,814	790,077	869,208	10.02
Meat	510,046	535,914	543,424	1.40
Edible Fruit & Nuts	382,223	326,385	269,393	-2.45
Vegetables	201,283	179,508	162,429	-9.51
Prepared/Preserved Meat	116,639	129,320	122,692	-5.13
Dairy, Eggs, Honey	71,504	67,898	87,173	28.39
Baking Related	76,943	79,470	74,749	-5.94
Sugars	56,614	60,582	67,868	12.03
Sausages & Similar Products	10,651	12,035	10,732	-10.82
Cocoa	7,625	7,540	6,542	-13.25
Spices, Coffee, Tea	3,958	4,135	3,540	-14.38

Global Trade Atlas, Japan Import Statistics, All AG Simplified.(Figures Rounded)

E. Analysis

There are three key factors affecting food exports to Japan:

1. Imported food products are often less expensive than their domestic counterparts.
2. Japanese consumers show great acceptance of imported food.
3. The yen exchange rate impacts the price of imports to Japan.

For example, in 2014, U.S. cereal product exported to Japan increased in volume by 58.57% from the previous year. Japanese consumers and importers continue to demonstrate a preference for U.S. goods.

F. Key Advantages & Challenges for U.S. Food Products

In addition to the U.S. being the largest food exporter to Japan, Japanese consumers are familiar with ingredients from the U.S. such as meats, dried fruits, nuts, etc. Products from the U.S. are also recognized for their high quality, cultural influence, and health conscious aspects. Some of the key advantages and challenges for U.S. food products are:

Advantages	**Challenges**
The U.S. has a reputation as a reliable supplier of food inputs in terms of availability and delivery.	Consumers perceive Japanese food production as safer than overseas production, including the U.S.
Manufacturers in the United States produce many specialty food products that are attractive to Japanese consumers.	Getting detailed information to the most appropriate purchaser in some companies can be difficult in Japan.
Many Japanese consumers love American culture and cuisine.	Getting you product information to the consumer is a challenge.

G. Industry Developments

With a stable market and only a few sectors showing a significant increase or decrease, there is a desire in the Japanese food processing industry to find some way to prompt strong growth. In an attempt to reduce costs, facilitate international partnerships, and increase revenue, Japanese food processors have been looking into off-shore acquisitions to source processed food items.

There were a few notable acquisitions and mergers in 2014. One notable one worth mentioning is the Suntory Holdings Ltd. acquisition of Beam Inc. on April 30, 2014. After being renamed Beam Suntory Inc. as a result of the transaction, the company is number 3 in the Global Premium Alcohol Market. Beam Suntory Inc. will continue to operate in Deerfield, Illinois under its current CEO, despite Suntory Holdings Ltd. headquarters being located in Osaka, Japan.

Another international merger occurred when the Mizkan Group entered an agreement with Conopco Inc., a subsidiary of Unilever, on May 22, 2014 in order to acquire Ragu and Bertolli pasta sauce brands. While both production facilities will be located in the U.S., Mizkan hopes to continue the expansion of the product locally as well as globally.

The year 2014 saw an increase in health-related food products, snacks, and home replacement meal options. Seasonal flavors continued to be popular. Here are a few products and their descriptions.

In July 2014, after a nine-year wait, Coca-Cola reintroduced the two limited edition flavors “orange” and “lemon” to the Seven & I Holdings store 7/11 for a period of three months, according to Nikkei Asian Review. With healthy foods trending in 2014, the fruity Coca-Cola flavors stood out in the soft drink category. The product was met with a favorable response from consumers who appreciated the zesty twist on the traditional cola flavor.

In April 2014, Otsuka Pharmaceutical launched the French product “Milical” – a line of healthy diet food products including shakes, soups, and bars. The Japanese market debut included eight different choices of products and is meant to supplement less healthy snack-food. Its purpose is to make it easier for a person to stick to a diet plan while still being allowed a delicious treat.

In August 2014, House Foods introduced a new type of stew mix “Rich and Creamy” to their existing line of sweet corn, beef, and cream stew mixes. House Foods stated that it had increased the amount of milk and cheese in the product for a thicker, creamier stew. Designed to be easy to melt in the microwave, it is a great choice for a quick and easy meal. It is ideal for single households who don’t spend a lot of time in the kitchen.

In July 2014 Lotte, a popular snack creator, released a limited edition soda float ice cream flavor to their Shari~tsu line just in time for summer. It is best described as a perfect combination between refreshing soda and vanilla ice cream. Another planned flavor, Fuji Apples, was announced in October 2014. Ice cream continues to be a popular sweet treat targeting all demographics.

Also on the list is of new products is Marumiya’s March 2014 introduction of the Chicken Flavor and the Scallop & Japanese Pepper flavors to their Soft Sprinkle line. This product is meant to be served over rice. This line,praised in consumer reviews as being healthy, currently spans nearly 20 products for a wide variety of consumers.

Myojo Chuka Zanmai’s Chinese-style ramen line in April 2014. launched a brand renewal in April 2014, with the aim of supplying non-fried noodles and a richer flavor of soup. They offered a new manufacturing method and new packaging to show off the relaunch of the long-standing product, and Japanese consumers are responding positively to the healthy change to this popular at-home dining option.

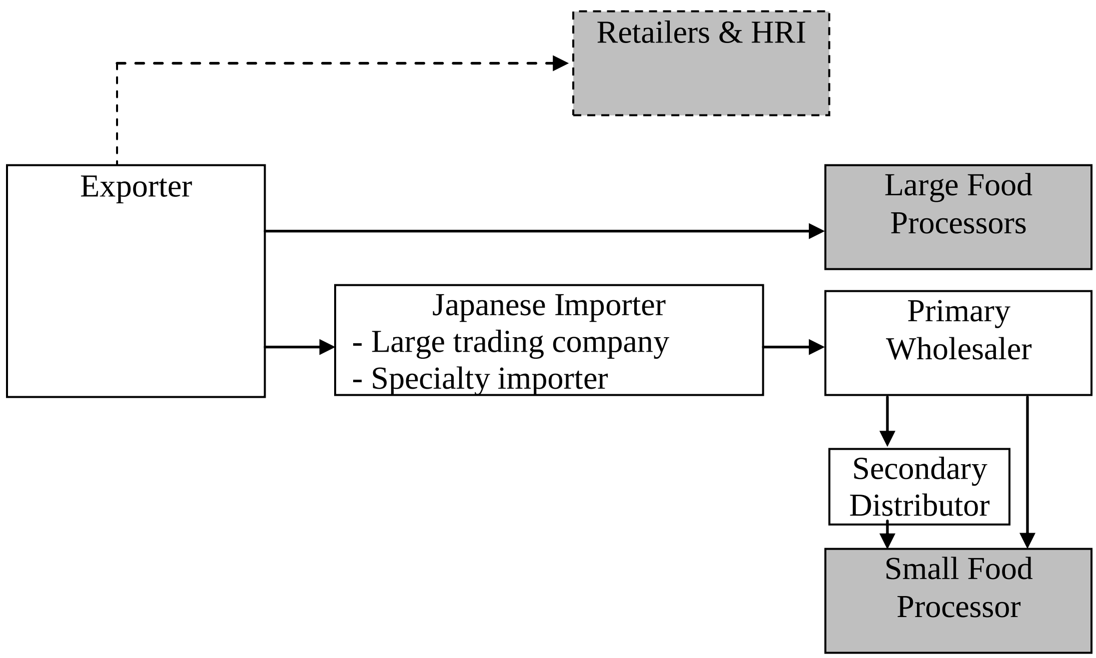
In September 2014, Suntory added PREMIUM BOSS to its Boss coffee line. Highly anticipated since its announcement in June, PREMIUM BOSS was very popular among Japanese consumers. Reviewed as having the richest, strongest flavor of canned coffee thus far, Suntory revealed that it achieved the flavor by adding more espresso to the product, which is then blended with finely ground coffee beans. The Suntory Boss coffee line remains an extremely popular product line in Japan.

SECTION II: Market Structure & Entry

A. Market Structure

The Japanese market structure and distribution system is different from the U.S.. The following illustration is a basic flowchart showing how imported products would enter and move through the traditional Japanese distribution system:

Figure 7: Food Ingredient Distribution Flow Chart



Your product will most likely be handled by a:
1. General trading company
2. First-line wholesaler
3. Second-line wholesaler
4. Retailer, HRI or food processor

Trading companies play the following roles:
1. Legal importer
2. Financier
3. Customs clearance handler
4. Warehousing
5. Preparer of order and shipping documentation

In the past, trading companies would normally sell to first-line wholesalers, who would then sell product to secondary distributors. This pattern has changed in the past decade as companies seek to reduce logistical costs. Large food processors and retailers are now purchasing sizeable quantities of product directly from trading companies.

In some cases, the HRI and retail sectors are choosing to directly import items themselves if the size of the transaction makes it cost effective, as displayed in the graph above by the dotted line from exporters to retailers and HRI.

These HRI importers are often large family chain restaurants, *kaiten* (conveyer belt) sushi restaurants, and regional restaurants. Often times, the importer or trading company needs to also add value through special processing, designing, or packaging. These transactions circumvent the usual second-line wholesalers and distributors, but in these tough economic times wholesalers and trading companies realize traditions need to be circumvented.

B. Market Entry

The Japanese market can be a complicated market in which to enter. There are many factors to consider before entering this market, specifically the strict regulations on specific ingredients and additives. Despite this, the Japanese market is still one of enormous potential. With the changing population, demand is shifting and new opportunities are constantly presenting themselves. These trends are discussed in the later sections of the report.

Strategies for entering the Japanese market will vary depending on product characteristics, competition, and the market environment. Tools such as The Market Assessment Checklist are an effective way to begin the process of evaluating your product's potential in the Japanese market.

The Market Assessment Checklist can be found at:
http://www.fas.usda.gov/agx/market_research/Market_Assessment_Checklist.pdf

For further guidance and a more detailed outline of the variety of resources available to U.S. exporters please refer to *Appendix B.*

SECTION III: Sector Trends and Products with Good Sales Potential

A. Consumer Trends

At the consumer level, the following trends are driving the way food processors are marketing their products.

1. Food Safety

Japanese consumers have always been sensitive to food safety issues and the earthquake, tsunami and nuclear disaster of March 11, 2011 further drove home that sensitivity. Japanese are responsive to two concepts *Anzen* (safety), and *Anshin* (peace of mind). It is not enough for consumers to know that a product is safe; they demand that foods promote a peace of mind and lack of worry. Merchants and retailers can always promote safety, but only time and reputation can bring about that feeling of peace of mind.

2. Health & Functional Foods

Healthy and functional foods are very popular. The official definition of functional foods (FOSHU) and drinks in Japan is "foods which are expected to have a specified effect on health due to the relevant constituents or foods from which allergens have been removed." Functional ingredients such as dietary fiber, oligosaccharides, non-calorie sweeteners, calcium, iron, mineral absorption promoters, beta-carotene, chitosan, specified soy protein, collagen, polyphenols, lactic acid bacteria cultures, soy iso-flavones and germinated brown rice (GABA) have been included in functional foods marketed in Japan. Examples of functional foods include yogurt with lactic bacteria to help digestion and candies with collagen to target skin health. Bread with added wheat germ is another example of functional food that can be found in the market.

In addition to these specialty functional foods, traditional health foods such as soy milk, have become popular due to perceived health benefits. Diet conscious consumers have been switching from sugar, soft drinks, cakes and ice creams to low calorie teas, mineral water, as well as fruit and vegetable juices. Tree nuts, especially almonds and walnuts, are also becoming popular.

Snack foods are an area that is truly evolving . There are limited snack bar and on-the-go snack options in Japan that specifically target health. While products like Soy Joy have begun to pioneer the path, there are still opportunities to introduce health-based snack products such as low-calorie nutritional bars, energy bars, and processed fruits and vegetables snacks. Many of the health bars and snack options on the market are targeted towards men or athletes and the few low-calorie options that do exist for women are very expensive.

The major distribution line for these snack products is through super markets and convenience stores, where sales are split between Otsuka Pharmaceuticals, the makers of Soy Joy and CalorieMate, and Asahi, which produces a cereal bar. Affordable health snacks and nutritional bars, both low-calorie and otherwise, have significant potential in this market. In an effort to avoid the high volume, competitive market of convenience stores sales, another recommended entry point is through high-end coffee shops. These types of products might need to be tailored for the Japanese market though, in terms of flavor, ingredients and size.

3. The Aging Population

Japan is in the midst of a major demographic change. Much like the trend that will also hit the United States in the next couple of decades, the percentage of young people has been shrinking since the 1980’s, and the aging population has been growing. By the end of this decade, there will be three pensioners for every child under 15 in Japan. This significant change is creating a substantial new market with new demands. Many domestic firms in Japan have begun the process of creating product lines that cater to the physical and dietary needs of this aging population. These companies claim that products in the market need improvement in the areas of taste, texture, and price.

Raising the quality and lowering the price of these products is the current goal of manufacturers and thus many are demanding new purees, specifically meat, fish, vegetable, and fruit, to add as a base for their soft foods. In the past few years on average, Japanese aged 60+ accounted for 44%, or $1.18trillion (¥145trillion) of the consumer spending in Japan, and this trend is only increasing. Further exemplifying the power of this segment, 70% of the $1.18trillion was in the 65+ age bracket. Researchers expect spending by seniors worldwide to double to $15 trillion (the size of the U.S. GDP in 2011) and see Japan's rich aging consumers as a dynamic market.

4. Growth of Convenience Foods

The fast-paced Japanese lifestyle has led to the growth of processed foods as a replacement for meals made from scratch at home. The best example is the rapid expansion of convenience (*konbini*) store chains over the past decades, which specialize in a large variety of prepared meals. Examples of prepared meals are traditional bento lunch boxes, onigiri (rice balls), pasta dishes, sandwiches, salads, baked goods, and desserts. Ingredients such as low-cost processed vegetables for bento lunches or ingredients in very popular snack foods such as korokke, a breaded and fried potato or meat patty, are in high demand. Additionally items such as lunch meats and fruit or nut ingredients for confectionery use are also in demand. With over 48,000 convenience stores in Japan, these prepared food options are major competitors for fast-food chains. Major fast food companies describe these *konbini* as competition because they are located in high traffic areas and thus are easy to access on lunch breaks and on the way home for dinner. They are open 24 hours and the meals are inexpensive and very high quality.

In addition to these pre-made meals available at convenience stores, processed and packaged convenience food is also becoming very popular. Over the last 7 years, there has been a decline in restaurant dining as many Japanese are looking for less expensive options in the form of Ready-to eat, Home Meal Replacement (HMR) type products (obento lunch boxes at the office are one example). It is estimated that 22% of all meals in Japan are HMR. There are many new kinds of frozen home meal replacement options available now with prepared foods composing 56.8% of the frozen food market. Some examples of these foods include cooked rice dishes, Asian and Western noodles, breads, and fish. These dishes have a long shelf life and are easy to prepare.

Another factor contributing to the demand for ready to go meals is that young Japanese are marrying later, and so tend to want easy-to-prepare single portion meals. Packaged sauces, meals in-a-box, instant meals, and other convenient options are growing in popularity and will most likely continue to grow.

5. Breakfast

Traditionally, breakfast in Japan has been eaten at home at the kitchen table. External changes to the Japanese lifestyle have led to the growing need for on-the-go breakfast options. As more women enter the workforce and as young Japanese begin to get married at an older age, there has been a significant move toward eating fast, easy, and inexpensive meals. The growing trend of convenient on-the-go breakfast products can be seen in almost every office building when the work day begins, as people now bring their breakfast to work. Items such as hearty instant soups, breakfast bars, and granola are stepping in as substitutes for the traditional sit down meal. While some bring these items from home, many Japanese are picking their breakfast up as they go. The McDonald's breakfasts, given the name *asamaku*, (literally: morning McDonald's) as well as other fast food breakfast items have become increasingly popular. People are attracted to their convenience, price, and the variety of hearty options. Items as muffins and morning pastries are also becoming more popular as a result of the growing Western influence of coffee shops. However, while these sweet breakfast items are growing, more savory and filling food items are preferred in the morning by both men and women.

6. Beauty & Anti-aging

Beauty and anti-aging products have always been popular in the Japanese market, yet have remained mainly within the areas of cosmetics and pharmaceuticals. Along similar lines as functional foods, beauty and anti-aging is becoming a new marketing tactic in Japan, targeting the growing senior population. This trend is also showing up in the area of processed foods. While one approach is to educate the public on the natural anti-aging effects of things such as juices and processed fruits and vegetables, some companies have started to add anti-aging ingredients, such as collagen, to candies, beverages, and snack foods. Foods with these beautifying and anti-aging ingredients are becoming very popular among women of all ages. Although this portion of the industry continues to grow, Japanese regulations surrounding health claims are extremely strict.

7. Diversification in the Diet

The internationalization of the Japanese diet offers U.S. exporters an opportunity to supply ingredients to meet this changing demand. As Japanese consumers have embraced U.S. food ingredients into their diets; nuts, fruits, vegetables, and meat products have become a standard part of Japanese dietary habits.

B. Producer Trends

Food producers in Japan have certain priorities for their products and set ideas about the way to present them to their customers. In general, the best place to see producer trends are at the large trade shows (see Appendix: Entry Strategy: part 3). One of the largest in Japan is FOODEX , which has roughly 75,000+ unique visitors per year who come to look at both domestic and foreign vendors. The FOODEX Japan 2015 report shows the fifteen most common overseas products exhibited and the 15 most sought after products.

Exhibited Items

Ranking	Product Type	# of Companies
1	Wine	252
2	Halal	178
3	Kosher	109
4	Snack Food	108
5	Dry Fruit	90
6	Olive Oil	86
7	Biscuit/Cookie	81
8	Processed Vegetable in Bottle/Can	79
9	Frozen Vegetable	77
10	Chocolate	74
11	Fresh Fruit	72
12	Frozen Fruit	70
13	Nuts	69
14	Natural Food	68
15	Fruit Juice/Vegetable Juice	67

Most Sought After Items According to Buyers

Ranking	Product Type	% of Companies
1	Sweets & Snacks	12.6
2	Livestock products	10.7
3	Vegetables & Fruits	10.5
4	Marine Products	8.8
5	Seasonings and Ingredients	8.0
6	Alcohol	7.4
7	Bread, Noodles, Pasta	7.3
8	Coffee & Tea	7.1
9	Grains	6.4
10	Drinks & Water	5.3
11	Milk & Egg Products	4.4
12	Health & Beauty Food	4.1
13	Other	3.5
14	Organic	2.8
15	Sugar & Spreads	.8

Source: FoodEX Japan 2015 (http://www.jma.or.jp/foodex/en/pdf/pdf-2015showreport.pdf)

C. Products Not Present Due to Significant Barriers

1. Items Containing Prohibited Ingredients or Ingredients in Excess of Allowable Limits

Because of the strict Japanese regulations on food additives, some U.S. food products containing prohibited additives or residues/additives in excess of allowable limits cannot enter Japan. It is highly recommended that U.S. exporters check their product compliance as a first step when considering business in Japan. Contact ATO Japan at atotokyo@fas.usda.gov

For more information on food additives, please refer to JETRO's Specifications and Standards for Foods, Food Additives, etc. Under the Food Sanitation Act (2010) http://www.jetro.go.jp/en/reports/regulations/pdf/foodext201112e.pdf

2. High Tariff Rate or Quota Restricted Items

A variety of dairy products such as butter, edible non-fat dry milk and whey products, cheese, yogurt, and other dairy products are subject to TRQ/high tariffs. Likewise, sugar and rice face very high tariff rates. It is wise to check the tariff rates as well as quota restrictions for your product classification. Quotas still exist on some items such as dry beans. Refer to the latest Japan Customs' tariff schedule: http://www.customs.go.jp/english/tariff/2012_4/index.htm (April 2012). These may change after ratification of the TPP agreement.

3. Quarantine Restricted Items

Numerous fresh produce products are prevented from entering Japan due to the Japanese plant quarantine regulations. For example, fresh potatoes are prohibited to import except under a strict protocol.

You can check whether or not your products are allowed by contacting the USDA Animal and Plant Health Inspection Service office in Tokyo at (011-81-3) 3224-5111 or emailing the USDA Agricultural Trade Office (ATO) at atotokyo@fas.usda.gov

SECTION IV: Post Contact & Further Information

For those with questions or seeking additional assistance, please contact the U.S. ATO in Tokyo or Osaka at the following addresses:

ATO Tokyo
U.S. Embassy
1-10-5, Akasaka, Minato-ku, Tokyo 107-8420
Tel: 81-3-3224-5115 Fax: 81-3-3582-6429
E-mail address: atotokyo@fas.usda.gov

ATO Osaka
American Consulate General
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@fas.usda.gov

Websites:

http://www.us-ato.jp, http://www.usdajapan.org, http://www.myfood.jp

Note: It is recommended that U.S. exporters verify relevant import requirements with their foreign customers, who normally have the most updated information on local requirements, prior to exportation. Final import approval of any product is subject to the importing country's rules and regulations as interpreted by border officials at the time of product entry

SECTION V:

Appendix A. Company Profiles

Ranking	Company (Main Products)	Sales (¥ Mil)	End User Is	Procurement Channels	Address	Phone # Website
1	Kirin Holdings	2,195,795	Retail/ HRI	Importers, Direct	4-10-2 Nakano, Nakano-ku, Tokyo 164-0001	03-5541-5321 www.kirinholdings.co.jp
2	Asahi Group	1,785,478	Retail/ HRI	Importers, Direct	1-23-1 Azumabashi, Sumida-ku, Tokyo 130-8602	03-5608-51112 http://www.asahibeer.com/
3	Suntory Ltd.	1,257,280	Retail/ HRI	Importers, Direct	2-1-40 Dojimaha-ma, Kita-ku, Osaka City 530-8203	06-6346-1131 www.suntory.co.jp/
4	Nippon Meat Packers Inc.	1,212,802	Retail/ HRI	Importers, Direct	3-6-14 Minami-Honmachi, Chuo-ku, Osaka City 541-0054	http://www.nipponham.co.jp/en/
5	Meiji	1,161,	Retail/	Importer	1-2-10	03-3273-4001

	Holdings	152	HRI	s, Direct	Shinsuna, Koto-ku, Tokyo 136-8908	http://www.meiji.com/english/
6	Ajinomoto Co., Inc	1,006,630	Retail/ HRI	Importers, Direct	1-15-1 Kyobashi, Chuo -ku, Tokyo 104 -8315	03 -5250 -8111 www.ajinomoto.co.jp
7	Yamazaki Baking Co., Ltd.	995,011	Retail/ HRI	Importers, Direct	3-10-1, Iwamoto-cho, Chiyoda-ku, Tokyo 101-8585	03-3864-3111 http://www.yamazakipan.co.jp/english/index.html
8	Morinaga Milk Industry Co., Ltd.	594,834	Retail/ HRI	Importers, Direct	5-33-1 Shiba, Minato-ku, Tokyo 108 -8384	03 -3798 -0111 http://www.morinagamilk.co.jp/english/
9	Mega-Milk Snow Brand Co., Ltd,	549,816	Retail/ HRI	Importers, Direct	13 Honshio-cho Shinjuku-ku, Tokyo 160-8575	03 -6887 -3690 http://www.meg -snow.com/english/
10	Nichiei Corporation	545,266	Retail/ HRI	Importers, Direct	6-19-20 Tsukiji, Chuo-ku, Tokyo 104 -8402	03 -3248 -2101 http://www.nichirei.co.jp/english/inde x.html
11	Nisshin Seifu Group	526,144	Retail/ HRI	Importers, Direct	1-25 Kanda, Nishikic	03 -5282 -6666 http://www.nisshin.com

	Inc.				ho, Chiyoda -ku, Tokyo 101-8441	
12	Coca-Cola East Japan Co., Ltd.	523,299	Retail	Direct	6-1-20 Akasaka, Minato-ku, Tokyo 107-0052	http://www.ccej.co.jp
13	Sapporo Holdings	518,740	Retail/ HRI	Importers, Direct	4-20-1 Ebisu, Shibuya-ku, Tokyo 150 -8522	03 -6694 -0002 http://www.sapporoholdings.jp
14	Nissin Food Holdings	431,575	Retail	Importers, Direct	28-1-6, Shinjuku, Shinjuku ku, Tokyo 160-8524	03-3205-5111 http://www.nissinfoodsholdings.co.jp/english/
15	Coca-Cola West Japan Co., Ltd	424,406	Retail	Direct	7-9-66 Hakozaki, Higashi-ku, Fukuoka City 812-8650	092 -641 -8591 http://www.ccwest.co.jp

Source: Ullet Food Industry Performance Rankings (http://www.ullet.com/search/group/4.html)

Appendix B. Entrance Strategy

Before You Start:

1. Before considering exporting, please consider the following factors:

a. If your company has the production capacity to commit to the market.
b. If your company has the financial and non-financial (staff, time, etc.) resources to actively support your exported product(s).
c. If your company has the ability to tailor your product's packaging and ingredients to meet foreign import regulations, food safety standards, and cultural preferences.
d. If your company has the necessary knowledge 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.

2. Determine whether your product is permissible by Japanese food regulations. Strict Japanese regulations can prevent many agricultural products from entering Japan.

    a. Contact an ATO Japan office for a list of restricted items.
    b. For plant or animal health information, contact your local APHIS office at: http://www.aphis.usda.gov/animal_health/area_offices/
    c. If the product contains meat or meat products, please refer to the Food Safety Inspection Service Export Library: http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/exporting-products.
    d. Review Japanese food regulations to determine if your product(s) comply with or need to be altered to fit local laws regarding additives, residue levels, and processing procedures. Also understand regulations in terms of weight, size, and labeling. JETRO's Handbook for Agricultural and Fishery Products Import Regulations is a helpful tool: http://www.jetro.go.jp/en/reports/regulations/pdf/agri2009e.pdf

3. Perform Some Basic Market Research:
    a. Determine the specific area of the market your product is targeting: http://www.fas.usda.gov/topics/getting-started
    b. Determine whether there is demand for your product.
    c. Determine whether your product is price competitive against Japanese and other producers, keeping in mind transportation and modification costs. Determine the comparative advantage of your products. Potential customers need to be convinced of the merit of using your products. Some examples are price savings, higher quality, higher value or more convenient packaging. Most packaging or labeling will have to be changed for the Japanese market, as American packaging is usually too large.
    d. The ATOs in Tokyo and Osaka can assist with market research and developing marketing strategies. You should also contact your regional trade group, which works closely with USDA to help food and agricultural companies advance their exporting goals:

Southern US Trade Association (SUSTA); (504) 568-5986; sarah@susta.org or aileen@susta.org; http://www.susta.org ;
States AL, AR, FL, GA, KY, LA,MD, MS, NC, OK, PR, SC, TE, TX, VA, WV

Western US Agricultural Trade Association (WUSATA); (360)693-3373 x 314; janet@wusata.org; https://www.wusata.org/
States: AL, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WY

FOODEXPORT Northeast; (215) 829-9111; info@foodexport.org; https://www.foodexport.org/
States: DE, NY, VT, CT, MA, ME, RI, NH, NJ, PA

FOODEXPORT Midwest, (312) 334-9200; info@foodexport.org; https://www.foodexport.org
States: IL, IN, KS, MN, MO, NE, IA, MI, ND, OH, SD, WI

4. Develop an Export Action Plan:

   Once you have collected the general market, products, and regulatory information, begin the process of creating an export action plan. This will be instrumental in helping distributors and buyers see your vision. Keep in mind that many portions of this plan will change after personal interaction with the market or as more information is gathered.

   This action plan should include:

   - Objective
   - Goals and benchmarks, short-term and long-term
   - Product
   - Market
   - Product packaging and handling
   - Product modifications, if applicable
   - Financial resources to be committed
   - Non-financial resources to be committed
   - Additional financing
   - Potential importers and buyers
   - Schedule
   - Marketing plan
   - Evaluation

5. Get to Know the Market Personally:

   Once you have determined that exporting your product to Japan is feasible and you have developed a basic strategy, either visit Japan to explore opportunities first-hand or find a representative to do so. When appointing agents, be sure your partner has a good reputation and track record in the market.

   This face-to-face interaction is very important in business because in Japan personal relationships are very important. Additionally, keep in mind that it takes time to form these relationships.

Understand how the Japanese distribution system works and begin the process of figuring out where you are to enter.

Finding a Buyer:

1. Trade shows: There are a variety of trade shows, large and small, which act as the best tools for market research as well as for finding potential distributors. A list of USDA endorsed trade shows can be found at: http://www.fas.usda.gov/topics/trade-shows
    a. The three recommended trade shows in Japan for the food processing sector are:
        i. FOODEX JAPAN http://www3.jma.or.jp/foodex/en/
        ii. International Food Ingredients and Additives Exhibition (IFIA) Japan : http://www.ifiajapan.com
        iii. Health Ingredients Japan http://www.hijapan.info/eng/
    b. Contact one of the State Regional Groups listed in 3.d above, and ask if they have any upcoming activities involving your target market such as trade missions or showcases.
    c. Try to meet with Japanese importers who distribute the types of agricultural products that you wish to export to learn more about.
    d. Once you make contacts, visit potential customers to emphasize your interest and learn more about them, such as how they normally source products. Ask if/how products are normally reformulated and how packaging could be tailored to better fit the marketplace.

Documentation and Shipping:

1. After revising your export action plan and finding an importer/distributor, begin the process of setting up a payment structure and working on import documentation requirements. Information on this area can be found at: http://www.fas.usda.gov/topics/regulations-and-requirements
2. When ready to ship, begin the process of finding a freight forward that often will handle many of the logistics of shipping for a fee. Refer to the website above for more information on this procedure.

Marketing:
When ready to market your product, use the ATO Tokyo or Osaka offices as resources for information on promotion and marketing.
For any additional export information, refer to the USDA Foreign Agricultural Service's export assistance website: http://www.fas.usda.gov/topics/exporting and http://www.us-ato.jp

Helpful Tips:
Points to remember when doing business in Japan:

a. Be clear with importers about the conditions under which price adjustments may occur.

b. Be aware that Japan is a very service oriented culture and requires quick responses to both product complaints and requests for information.

c. Doing business for the first time in Japan requires patience. Orders normally start small to determine whether the product will meet market requirements.

d. Arranging a credit check can be a good way to avoid problems. Companies such as the following will conduct credit checks in English:

Teikoku Databank America, Inc.
780 Third Avenue, 22nd Floor
New York, NY 10017
Tel: 212-421-9805 | Fax: 212-421-9806
Email: tda-support@teikoku.com