

# Japanese Market Information on Specified Products

## Black Tea

### 1. The Japanese Market

Black tea sold in Japan includes packaged tea products (tea bags and tea leaves), tea drinks made from these tea products, and instant tea.

Black tea demand in the past remained low, but in recent years, it has become accepted more by consumers as a form of a health drink and as something that satisfies consumer needs for more "luxury" in their lives. Black tea shipments in Japan approached 20,000 tons in 1997. The stronger yen and fierce competition between Lipton and domestic manufacturers have caused the prices of tea bags to decrease, creating increased demand for them. Although leaf tea has become recognized by some consumers in their search for the "real thing," the economic slump has decreased demand for gift sets containing high-quality tea. Tea sales to coffee shops and restaurants have also failed to grow.

In the canned beverage market, the entry of manufacturing majors in the green tea business has resulted in the introduction of many new products, meaning that competition coming from other types of tea is expected to intensify.

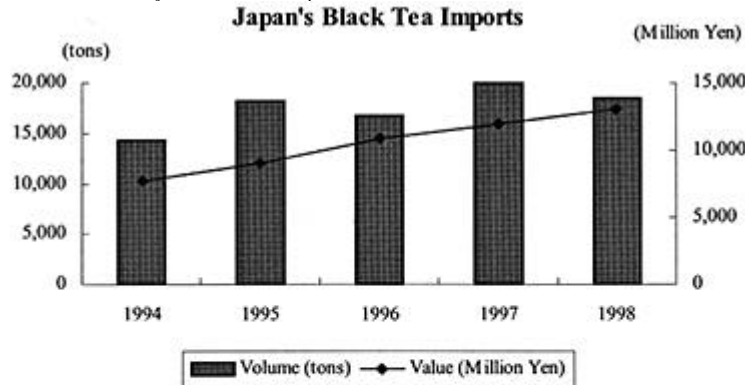
### 2. Imports

#### (1) Recent Developments

Imported black tea comes in three types: tea packaged in containers of 3kg or less and sold as is; bulk tea imported in unprocessed or blended form and are processed and packaged in Japan; and instant tea.

Tea imports in 1998 totaled 18,552 tons, down 7.1% from the previous year, but rose by 8.5% in value.

Black tea imports were slow to grow in the past because of competition from green tea and coffee, but the increase in the popularity of canned tea drinks beginning around 1988 as well as increased consumer interest in high quality tea—a part of an overall consumer striving toward higher quality—has resulted in steady recent growth except for a period immediately following the 1991 stock and real estate market crash. Consumers are also preferring black tea to coffee for health reasons. Bulk tea imports have risen steadily because of the expansion of the canned tea market.



	1994		1995		1996		1997		1998	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Black Tea (Ready-to-Brew Tea)	1,567	3,232	2,747	4,315	2,619	5,436	2,261	4,736	2,193	5,291
Black Tea (in Bulk)	12,620	4,215	15,087	4,457	13,966	5,092	17,522	6,974	16,147	7,413
Instant Tea	202	184	313	248	235	302	191	272	213	298
<b>Total</b>	<b>14,390</b>	<b>7,631</b>	<b>18,147</b>	<b>9,020</b>	<b>16,821</b>	<b>10,830</b>	<b>19,974</b>	<b>11,981</b>	<b>18,552</b>	<b>13,002</b>

Unit: tons, Million Yen

Source: Japan Exports and Imports

#### (2) Countries of Origin

Japan imports its bulk tea leaves mainly from Sri Lanka, India, and Indonesia. It imports packaged tea mainly from the United Kingdom and France.

**Principal Exporters of Black Tea to Japan**

<Black Tea (Ready-to-Brew Tea)>

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
UK	1,180	1,361	1,666	1,382	1,575	486
FRANCE	655	771	1,265	956	932	210
SRILANK	508	697	872	768	866	389
INDIA	273	333	586	694	796	192
INDNSIA	19	1	293	553	631	770
OTHERS	597	1,151	754	382	491	146
<b>TOTAL</b>	<b>3,232</b>	<b>4,315</b>	<b>5,436</b>	<b>4,736</b>	<b>5,291</b>	<b>2,193</b>

Unit: Million Yen, tons

Source: Japan Exports and Imports



<Black Tea (in Bulk)>

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
SRILANK	1,493	1,864	1,999	3,007	3,029	7,561
INDIA	1,090	1,131	1,546	2,273	2,558	4,287
INDNSIA	157	217	215	321	392	1,294
UK	557	565	610	530	380	374
KENYA	107	161	161	325	365	1,081
OTHERS	811	520	561	519	689	1,550
<b>TOTAL</b>	<b>4,215</b>	<b>4,457</b>	<b>5,092</b>	<b>6,974</b>	<b>7,413</b>	<b>16,147</b>

Unit: Million Yen, tons

Source: Japan Exports and Imports



(3) Share Accounted for by Imports

Black tea imports were liberalized in 1971, after which domestic black tea production fell nearly to zero. Japan imports almost its entire supply of black tea.

**Import's Share in the Japanese Market**

	1993	1994	1995	1996	1997
Domestic Products	3	0	4	8	11
Imported Products	12,836	14,390	18,147	16,821	19,974
Domestic Distribution	12,839	14,390	18,151	16,829	19,985
Import's Share	100.0%	100.0%	100.0%	100.0%	99.9%

Unit: tons

Source: Japan Exports and Imports

**3. Laws and Regulations**

(1) Food Sanitation Law

Provisions of the Food Sanitation Law ensure the safety of tea.

Under the Food Sanitation Law, tea importers are required to submit a "Notification Form for Importation of Foods, etc." to the quarantine station at the port of entry.

(2) Measurement Law

Products sealed in packages or containers and specified by Cabinet ordinance are required by law to indicate their content as well as the name and address of their manufacturer (importer). The same law also requires the labeling of the net content to a range of error specified by Cabinet ordinance.

**4. Taxes**

(1) Customs Duties

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0902 0902.30 0902.30-010	Tea, whether or not flavoured: Black tea (fermented) and partly fermented tea, in immediate packing of a content not exceeding 3 kg: Black tea	20%	14.70%	12% *Free	
0902.40 0902.40-210	Other black tea (fermented) and other partly fermented tea: Black tea	5%	3.7%	2.5% *Free	
2101 2101.20 2101.20-110	Extracts, essences and concentrates, of coffee, tea or maté and preparations with a basis of these products or with a basis of coffee, tea or maté; roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof: Extracts, essences and concentrates, of tea or maté, and preparations with a basis of these extracts, essences or concentrates or with a basis of tea or maté: (1) Instant tea	16%	13.30%	8% *Free	

Note: \*The produce from the least Less Developed Countries is tariff free.  
For information on how to use this table, please refer to customs tariff schedules.

(2) Consumption Tax  
(CIF + Customs Duty) x 5%

5. Distribution

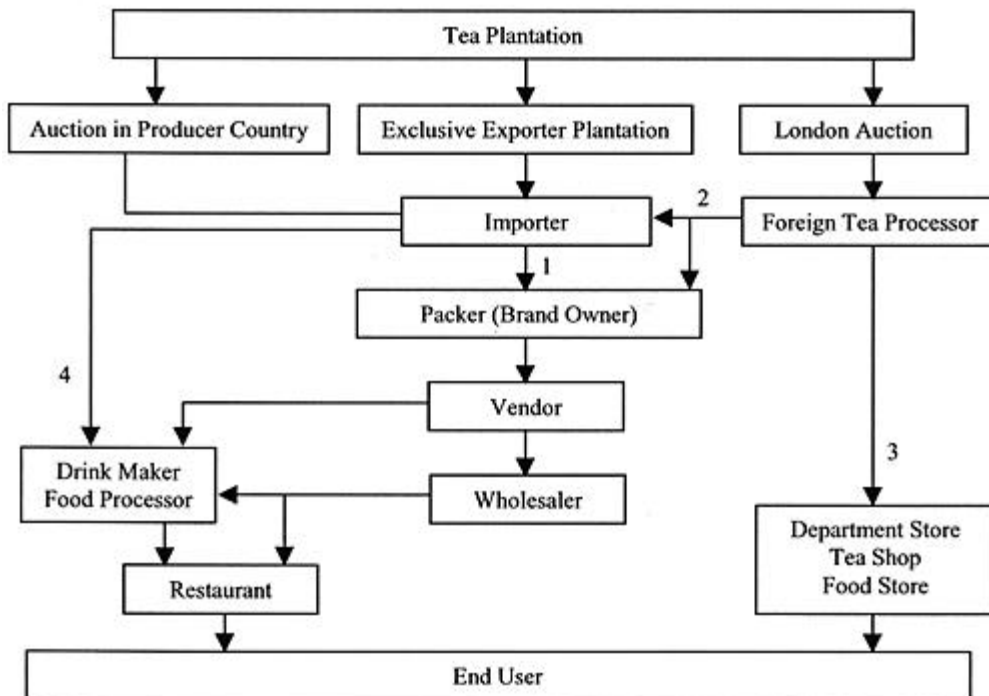
Imported black tea are distributed in four ways:

- (1) Unprocessed tea leaves imported from abroad and sold ,processed, blended, and packed in japan for sales as a domestic brand;
- (2) Tea leaves imported directly from a foreign tea processing company by a Japanese partner (brand owner) and repackaged for sale in Japan;
- (3) Tea imported directly by retailers already processed and packaged, and sold in Japan; or
- (4) Bulk tea imported directly by manufacturers and sold as canned, paper-packed, or instant tea; or instant tea imported and added with sugar and flavoring before being sold as tea mixes in Japan.

Almost all Japanese black tea companies have exclusive dealer agent contracts with major foreign tea processors that grant them exclusive rights to use the original brand name or logo, repackage the product, and sell the product in Japan. Estimates place the number of Japanese companies operating under such arrangements at around 40.

Overseas tea processors do not supply to non-agency importers, but it is possible to obtain the products from wholesalers and retailers that handle the same products.

Distribution Channels for Black Tea



6. Industry Contacts

---

Japan Tea Association  
1F JC Bldg., 3-6-22 Shibakoen, Minato-ku, Tokyo 105-0001  
TEL: +81-3-3431-6509