

Japanese Market Information on Specified Products

Fragrances

1. The Japanese Market

The size of the Japanese market is estimated at ¥35 billion. Although overall demand has remained flat, demand for deodorants and mild deodorizing fragrances has grown.

(1) Home and Automobile Deodorizers

Domestic products account for a majority of home and automobile deodorizers. In most cases, however, these products are made by combining imported materials (ceramics, containers, potpourri) with domestic materials. Even Japanese subsidiaries of American corporations import little finished products. Furthermore, few manufacturers make both home and automobile deodorizers. Home deodorizers are mostly made by large manufacturers, while automobile deodorizers are made by medium manufacturers. Consumer interest in scent has been rising, and this has led to increases in deodorizers that kill or suppress odor, rather than just masking them. There is also increased demand for fragrances designed to soothe consumers and create a pleasant atmosphere.

The home deodorizer market has grown at a rate of nearly 10% a year for the last 20 years, but this growth has begun to level off in recent years. Popular in recent years has been deodorizers that also serve as interior decor. Products that come in ceramic containers now account for 40% sales. Deodorizers that come in ceramic containers first appeared in 1992 and are now the leading home deodorizer, overtaking liquid deodorizers, which at one point held a 70% market share. Deodorizer sprays, which are used often in the West, hold about a 10% share of the Japanese market, a percentage that is expected to increase.

Automobile deodorizers provide not only a pleasant smell but also serve as a powerful odor killer, eradicating odor-causing mold and bacteria from their sources. Their purchasers are mostly young drivers. Containers of automobile deodorizers are changed more quickly than home deodorizers.

(2) Other Preparations

Demand for potpourri has risen sharply in recent years because of its appearance (it makes pleasant interior decor) and its supposed aromatherapy effect. Imports make up most of potpourri and essential oils. Almost all the dried flowers used for making potpourri are also imported, and Japanese manufacturers simply blend the imported materials to produce fragrances and colors that they believe appeal to Japanese consumers. Potpourri are handled mainly by small and medium companies. Specialty shops also import and sell sets of potpourri and essential oils.

Most of the market for incense was bound for religious uses, particularly Buddhist rites, hence decorative and recreational incense have been sold through this route as well. In recent years, however, gift stores and interior goods stores have also begun to carry incense. Incense accounts for only a very small part of the market, but its share is increasing.

Aroma candles are handled at stores selling potpourri.

The increased consumer interest in scent has led to the marketing of new deodorizing preparations in recent years. The life cycles of most of these products are short. Knowledge of aromatherapy or interior decor is required in some cases. The enforcement of the Product Liability Law makes the importer liable for any defects in imports, which makes full quality control essential.

2. Imports

The Japanese classification for deodorants includes many products that are not normally considered as such. For this reason, it is impossible to obtain exact figures for fragrance imports.

A majority of home and automobile fragrances are made in Japan. On the other hand, these domestically produced products make use of imported ingredients and materials. Despite the low percentage accounted for by imports among finished products, the import content is fairly large. Imports of finished products are most prominent among those with unique fragrances and those packed in distinctive containers. Japanese fragrance manufacturers are increasing procurement of products from overseas suppliers for cost reasons.

Potpourri and essential oils are mostly imported. Their numbers are also rising. Dried flowers, which are used as ingredients for potpourri, are mainly imported from the United States. Large-scale herb farms exist along the West Coast, resulting in the large percentage of imports from the United States. Imports from Australia have been rising in recent years for similar reasons. Essential oils, which are used with potpourri, are imported mostly from the United States and the Mediterranean countries.

3. Laws and Regulations

Imports of aerosol products are regulated by the High Pressure Gas Safety Law. Potpourri fall under the Plant Protection Law and, depending on the type of plants used, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

(1) High Pressure Gas Safety Law

Generally, home aerosol deodorizers are outside the scope of this law (if their contents are less than one liter and their internal pressure is at or less than 0.8MPa). To clear customs, however, the importer must submit a test report certifying that the products indeed fall outside the scope of this law.

(2) Plant Protection Law

The plant quarantine inspection system, which requires all plants to be inspected before importation, is designed to prevent the entry of plant diseases and pests. Under the Plant Protection Law, the importer of potpourri must declare their cargo with the plant quarantine service office at the port of entry. The importer must also attach a plant inspection certificate issued by the government of the exporting country. A certificate of passage will be issued if no diseases or pests are found. The potpourri will be fumigated or discarded if diseases or pests are found.

(3) CITES

CITES restricts international transactions in endangered fauna and flora. Some plants used in potpourri are covered by CITES. For more information, please contact the Director of Control of International Trade in Endangered Species, Import Division, Ministry of International Trade and Industry.

4. Taxes

(1) Customs Duties

Imports of cosmetics from countries or regions to which Preferential Tariff rates apply are duty free. Applicable tariff rates for all countries and regions are subject to change; please check with the customs authorities for the correct tariff rate.

Tariff rates for deodorizers differ by type. See the following table for details.

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared:				
603.90	1. Other	Free			
604	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared				
604-10	1. Mosses and lichens	5%		Free	
3301	Essential oils (terpeneless or not), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils:				
	1. Essential oils of citrus fruit:				
3301.11	(1) Of bergamot	Free			
3301.12	(2) Of orange	Free			
3301.13	(3) Of lemon	Free			
3301.14	(4) Of lime	Free			
3301.19	(5) Other				
	2. Essential oils other than those of citrus fruit:				
3301.21	(1) Of geranium	Free			
3301.22	(2) Of jasmin	3.2%		Free	
3301.23	(3) Of lavender of lavandin	3%		Free	
3301.24	(4) Of peppermint (Mentha piperita)	3.2%		Free	
3301.25	(5) Of other mints	Free-9.6%			
3301.26	3. Of vetiver	Free			
3301.29	(1) Other:	Free			
3301.30	4. Resinoids	Free			
3301.90	(1) Other	Free			
	1. Preparations for perfuming or deodorizing rooms, including odoriferous preparations used during religious rites:				
3307.41	(1) "Agarbatti" and other odoriferous preparations which operate by burning	6.6%	5.4%	Free	
3307.49	(2) Other	4.6%	3.9%	Free	
3307.90	2. Other				
	(1) Preparations with a basis of oils, fats or waxes	5.8%	4.8%	Free	
	(2) Other	6%	4%	Free	

(2) Consumption Tax

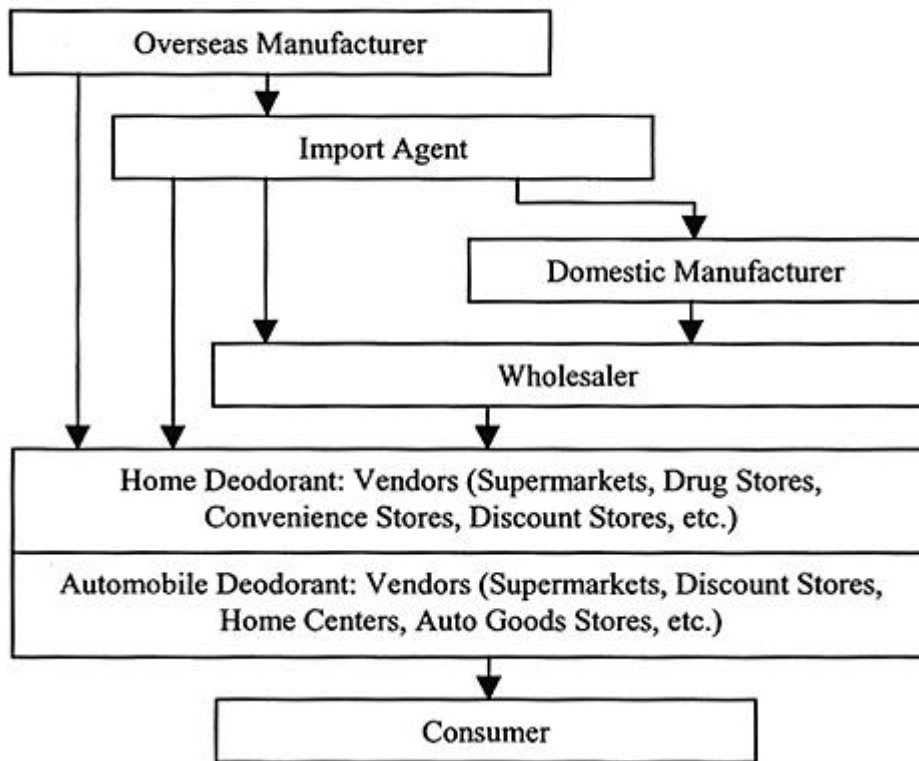
(CIF + Customs Duty) x 5%

5. Distribution

(1) Home and Automobile Deodorizers

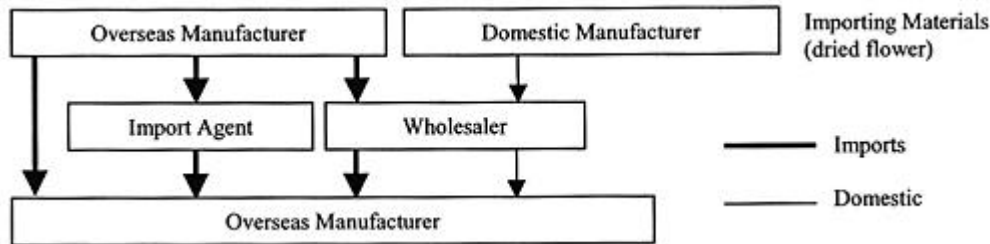
Home deodorizers are mostly the province of large corporations, whereas automobile deodorizers are handled mostly by medium firms. Home deodorizers are sold at supermarkets, drugstores, convenience stores, and discount stores. Automobile deodorizers are sold at automotive goods stores and home hardware stores.

Distribution Channels for Home and Automobile Deodorizers



(2) Potpourri

Potpourri and essential oils are sold mainly at special corners set up inside department stores and at specialty shops. They are marketed through similar channels as interior goods.



6. Industry Contacts

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