I 10. Fresh and Frozen Vegetables

1. Definition of Category

Edible fresh (including chilled) and frozen vegetables.

HS Numbers	Commodity
<Fresh vegetables>	
0703.10-011~013	Onions
0704.10, 20, 90-010, -090	Cabbages, broccoli
0706.10	Carrots and turnips
0709.90-091	Pumpkins
0910.10-231	Ginger
0701.90 / 0702.00 / 0703.10-020 / 0703.20, 90 / 0705.11, 19, 21, 29 / 0706.90-010, -090 / 0707.00 / 0708.10, 20, 90 / 0709.10, 20, 30, 40, 60, 70, 90-010, -092, -099	
0714.90-210, 290	Other fresh vegetables
<Frozen vegetables>	
0710.10-000 / 2004.10-100, -210, -220	Potatoes
0710.29-010	Green soybeans
0714.90-110	Taros
0710.40-000 / 2004.90-110, -230	Sweet corn
0710.30-000	Spinach
0710.21, 22, 29-090, 80, 90 / 0714.90-124 / 2004.90-120, -210, -220, -240, -291, -299	Other frozen vegetables

Note 1: In this section, fresh vegetables do not include matsutake, shiitake, and other mushrooms. For details on these items, refer to "I-11 Mushrooms" in this guidebook.

Note 2: Chilled vegetables are fresh vegetables maintained at or near 0°C in order to preserve vegetable freshness without freezing.

Note 3: Frozen vegetables are pre-processed (peeled, cut, or blanched) and then quick-frozen at –18°C or lower. Sometimes vegetables at steamed or boiled in water before freezing, or vegetables may be cooked with sugar or oils before freezing.

Note 4: Vegetables cooked with other non-vegetable materials (other than seasonings or oils) before freezing are classified as frozen cooked vegetables, and are not discussed in this report.

2. Import Trends

(1) Recent Trends in Fresh and Frozen Vegetable Imports

Over the five-year period from 1997 through 2001, aggregate vegetable imports (fresh + frozen, products classified under the HS numbers shown above) rose from 1.17 million tons to 1.70 million tons. Fresh vegetable imports grew especially quickly in 1998 and 1999, when heavy rains significantly reduced domestic production. This put fresh vegetable imports (543,283 tons in 1997, up to 839,336 tons in 1999) ahead of frozen vegetable imports (which rose from 626,144 tons in 1997 to 741,329 tons in 1999). The growth rate for imported vegetables (fresh and frozen) eased off slightly in 2000 to 2.9%, but in 2001 the growth rate resumed its upward trend, with an annualized increase of 4.8%. Imports of fresh vegetables have increased markedly, especially those from China, which are available in volume at low prices. As a result, fresh vegetable prices have stabilized at a lower price point.

<Fresh Vegetables>

Total fresh vegetable imports came to 929,214 tons in 2001, rose 5.3% from the previous year and to ¥90 billion (up 11.3%). The main types of fresh vegetables being imported are onions (260,896 tons, 28.1%), pumpkins (140,652 tons, 15.1%), and cabbage and broccoli (136,973 tons, 14.7%). Together these three items account for 57.9% of total imports. Cabbage and broccoli imports recovered from their decline a year earlier to post a major gain of 45.5%. Also, in 1997 the top three vegetables accounted for 71% of all imports, but the intervening years saw not only a quantitative increase in imports but also a diversification in the types of vegetables imported.

In recent years, further, the diversification of the diet has led to imports of previously unfamiliar vegetables such as chicory, shallots, leeks, salad beet roots, salfacies, and the like.

Main reasons for the imports of fresh vegetables were:

(1) Domestically grown vegetables are sometimes in short supply due to crop failures or disasters.

(2) Food processors have actively sought low-cost import sources of items (such as carrots and onions).

(3) Distributors are looking for out-of-season supply sources (such as pumpkin, broccoli, and asparagus imported from countries with different growing seasons from Japan).

(4) Distributors want to accommodate increasingly diverse and westernized Japanese culinary tastes (by introducing new types of vegetables).

(5) The spreading use of reefer containers in marine transport and refrigerator trucks in overland transport domestically has made it possible to import fresh vegetables in large quantities and to keep them fresh yet still sell them at affordable prices.

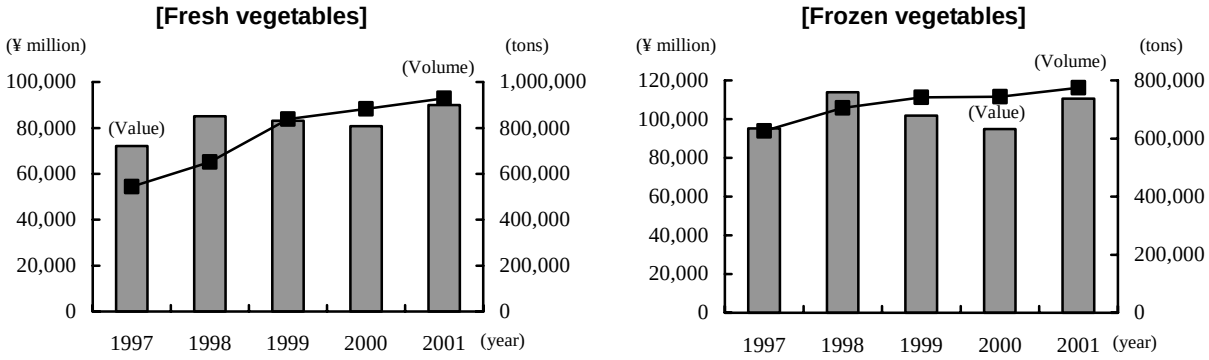
In addition, imports of fresh vegetables were on an upward trend due to:

(1) Shortage of domestically produced vegetables owing to the aging of farmers.

(2) Increasing purchases by supermarket chains and GMS chains to stabilize procurement.

(3) The emergence of China as a major supplier to make it possible to sell imported vegetables at lower prices than vegetables grown in Japan.

Fig. 1 Japan's fresh and frozen vegetable imports



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Fresh vegetables	543,283	72,078	650,888	85,123	839,336	83,230	882,541	80,853	929,214	89,954
Onions	174,611	6,843	204,639	9,767	223,435	7,461	262,179	7,748	260,896	9,426
Pumpkins	135,665	12,183	128,875	11,853	153,964	9,872	133,167	8,181	140,652	10,641
Cabbages, broccoli	75,306	14,490	118,796	19,110	134,039	17,202	101,058	13,649	136,973	16,009
Ginger	33,101	5,183	30,462	2,588	34,337	2,147	47,826	2,978	49,994	3,528
Carrots, turnips	13,305	1,057	34,009	2,643	50,490	2,937	43,586	2,271	47,140	2,494
Others	111,295	32,322	134,107	39,164	243,072	43,612	294,725	46,027	293,559	47,856
Frozen vegetables	626,144	95,266	704,783	113,868	741,329	101,781	743,333	94,846	775,159	110,616
Potatoes	241,120	29,870	266,651	35,230	281,190	31,159	272,987	27,522	274,237	30,155
Green soybeans	60,314	12,745	68,260	14,693	73,075	13,558	74,985	12,971	77,200	14,719
Taros	53,616	7,622	52,093	8,158	51,861	5,965	55,874	5,785	55,012	7,392
Sweet corn	50,139	7,468	51,878	8,134	52,339	6,920	50,882	6,394	48,350	6,992
Spinach	30,633	3,422	45,814	5,683	44,426	4,782	44,978	4,589	50,831	5,985
Others	190,322	34,138	220,087	41,970	238,437	39,398	243,627	37,584	269,529	45,373
TOTAL	1,169,426	167,345	1,355,670	198,993	1,580,665	185,013	1,625,874	175,701	1,704,373	200,570

Units: tons, ¥ million *Source: Japan Exports and Imports*

<Frozen Vegetables>

Volume imports of frozen vegetables preceded those of fresh vegetables, having begun in the early 1990s. This was due partly to the strong yen, which reduced prices of imported goods, and to the growth of fast food outlets, family dining restaurants, and other parts of the food services industry. In addition, frozen foods are well suited to the needs of young adults and working couples that only want to prepare small servings. Also, more Japanese people now own large refrigerators with freezers as well as microwave ovens.

Total imports of frozen vegetables topped 700,000 ton mark in 1998 with a sizable 12.6% growth from the year before. Nevertheless, imports failed to keep pace with previous year level, then recorded 775,159 tons in 2001 (up 4.3%). The leading variety of imported frozen vegetable was potatoes (274,237 tons, 35.4%), and diversification of imports has grown as well.

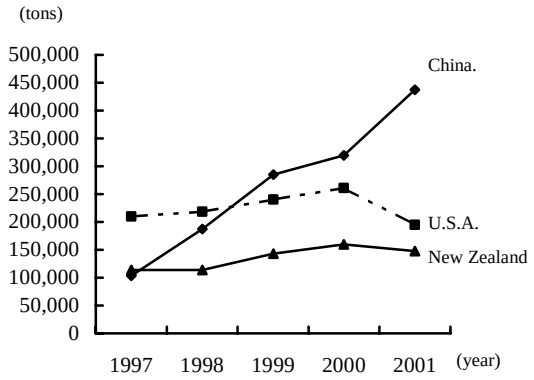
(2) Imports by Place of Origin

<Fresh Vegetables>

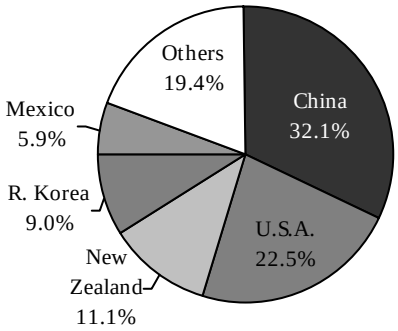
The main sources of fresh vegetables are China (47.1%), the United States (21.0%), and New Zealand (15.9%). Together three leading countries accounts for 84.0% of the total imports in 2001. As is clear from the figure below, rapid growth in fresh vegetable imports from China over the past three years meant that by 1999 China took over the top spot from the United States on a volume basis, and by 2000 on a value basis. China's geographic proximity and low prices give it an advantage in a wide spectrum of vegetables, including leeks, Chinese cabbages, carrots and ginger. On the other hand, onions, broccoli, pumpkin and asparagus are imported mainly from the U.S. Because New Zealand is in the Southern Hemisphere, it can supply fresh vegetables such as pumpkin, carrots, and onions, to Japan during Japan's off-season.

Fig. 2 Principal Exporters of fresh vegetables to Japan

Trends in import volume by leading exporters



Shares of fresh vegetable imports in 2001 (value basis)



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume		Value	
China	103,235	187,435	284,970	319,344	22,363	437,260	47.1%	28,896	32.1%
U.S.A.	209,734	218,516	240,369	260,706	21,322	194,821	21.0%	20,198	22.5%
New Zealand	113,739	113,880	143,225	159,719	9,917	147,494	15.9%	10,023	11.1%
R Korea	3,738	24,853	26,246	26,909	6,621	38,606	4.2%	8,106	9.0%
Mexico	38,073	34,966	36,084	25,316	3,925	28,689	3.1%	5,296	5.9%
Other	74,763	71,237	108,442	90,547	16,706	82,343	8.9%	17,434	19.4%
TOTAL	543,283	650,888	839,336	882,541	80,853	929,214	100.0%	89,954	100.0%
(E U)	5,950	7,605	7,205	8,674	3,675	7,723	0.8%	3,352	3.7%

Units: tons, ¥ million *Source: Japan Exports and Imports*

Fig. 3 Leading exporters of fresh vegetables to Japan by variety (2001)

	First			Second			Third		
	Country	Share	Yearly change	Country	Share	Yearly change	Country	Share	Yearly change
Onions	U.S.A.	41.8%	64.5	China	40.1%	386.0	New Zealand	13.9%	69.0
Cabbage, broccoli	China	46.9%	212.9	U.S.A.	46.1%	92.4	R Korea	4.9%	2,118.1
Carrots, turnips	China	64.0%	144.7	New Zealand	19.2%	77.9	Australia	11.8%	128.7
Pumpkins	New Zealand	69.3%	106.8	Mexico	17.2%	120.1	Tonga	9.6%	92.8
Ginger	China	96.9%	106.5	Thailand	2.9%	65.9	Indonesia	0.1%	67.3
Other	China	64.7%	97.0	R Korea	10.6%	120.4	U.S.A.	7.2%	106.5

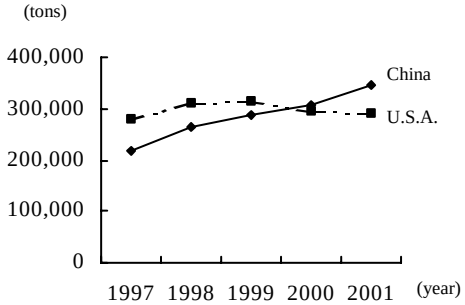
Unit: tons *Source: Japan Exports and Imports*

<Frozen Vegetables>

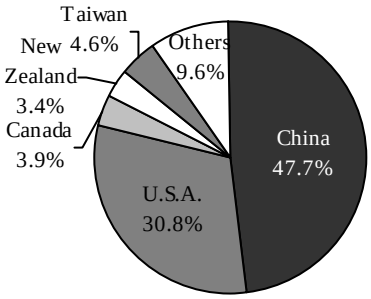
The main suppliers of frozen vegetables are China (44.8%) and the United States (37.6%). 2000 marked the first year when China topped the United States as a frozen vegetable exporter to Japan, and 2001 saw China expand its lead over the United States still further. From China, Japan imports large volumes of green soybeans, green peas, kidney beans, spinach and taro *(satoimo)*, showing rapid increase as fresh vegetables. The United States is the largest exporter of frozen potatoes, mainly for use in French fries. Sweet corn and mixed vegetables are also imported from the United States.

Fig. 4 Principal Exporters of frozen vegetables to Japan

Trends in import volume by leading exporters



Shares of frozen vegetable imports in 2001 (value basis)



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume		Value	
China	216,870	263,779	286,819	304,906	40,705	346,977	44.8%	52,805	47.7%
U.S.A.	280,782	311,742	316,298	296,493	31,695	291,199	37.6%	34,061	30.8%
Canada	25,010	25,717	34,634	39,044	4,006	37,915	4.9%	4,328	3.9%
New Zealand	26,528	25,199	24,922	25,671	3,315	26,571	3.4%	3,722	3.4%
Taiwan	28,005	25,700	25,667	25,695	5,024	23,623	3.0%	5,089	4.6%
Other	48,949	52,646	52,990	51,522	10,101	48,874	6.3%	10,612	9.6%
TOTAL	626,144	704,783	741,329	743,333	94,846	775,159	100.0%	110,616	100.0%
(E U)	3,602	3,544	4,130	4,277	789	4,527	0.6%	892	0.8%

Units: tons, ¥ million *Source: Japan Exports and Imports*

Fig. 5 Leading exporters of frozen vegetables to Japan by variety (2001)

	First			Second			Third		
	Country	Share	Yearly change	Country	Share	Yearly change	Country	Share	Yearly change
Potatoes	U.S.A.	82.9%	100.0	Canada	13.3%	97.5	China	2.1%	116.0
Green soybeans	China	58.2%	113.0	Taiwan	29.4%	93.9	Thailand	10.1%	89.4
Taros	China	99.8%	98.5	Philippines	0.2%	98.8	U.S.A.	0.04%	-
Sweet corn	U.S.A.	76.2%	92.5	New Zealand	21.3%	103.9	China	0.7%	227.8
Spinach	China	99.8%	113.0	Taiwan	0.1%	249.6	France	0.02%	82.0

Unit: tons *Source: Japan Exports and Imports*

(3) Imports' Market Share in Japan

The share of imported fresh vegetables expanded from FY 1994 and reached 17.9% in FY 2000. Import growth to compensate short supply due to crop failures or disaster has resulted in growth in imports' share and consistently lower prices in the Japanese market.

Fig. 6 Imports' share of fresh vegetables in the Japanese market

FY	1996	1997	1998	1999	2000
Domestic production	14,621	14,313	13,642	13,861	13,722
Imports	2,466	2,384	2,642	2,921	3,002
Exports	1	3	3	3	2
TOTAL	17,086	16,694	16,281	16,779	16,772
Imports' share	14.4%	14.3%	16.2%	17.4%	17.9%

Unit: 1,000 tons *Source: Food Supply and Demand*

Note) Product category covered in the Food Supply and Demand differs partially from import statistics.

Japan relies on imports for frozen vegetables. The share of imported frozen vegetables continues to expand and reaches over 90%.

3. Key Considerations related to Importing

(1) Regulations and Procedural Requirements at the Time of Importation

Imports of all vegetables (fresh, chilled, or frozen) are subject to provisions of the Food Sanitation Law and the Plant Protection Law. Further, imports of garlic and ginger grown in China are subject to reporting with the Minister of Economy, Trade and Industry.

1) Plant Protection Law

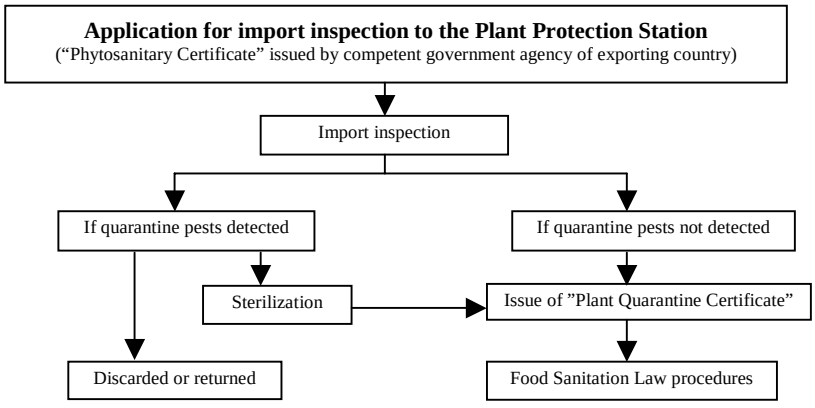
Under the Plant Protection Law, in order to prevent the entry and spread into Japan of harmful microorganisms, insect pests, and parasites that would cause serious damage to crops and forest resources of Japan,

- No root crops with soil attached can be imported into Japan.
- No host fresh (frozen) vegetables of the Mediterranean fruit fly, the Colorado leaf beetle, the citrus burrowing nematode, etc. from or through the infested area are allowed into Japan.

There is a separate list of import-prohibited items for every infested area. If one of these import-prohibited items is brought to Japan, an order will be issued to burn and the like. For instance, potato is designated as an import-prohibit item for almost all areas. Further, potatoes and sweet potatoes must be cultivated for a certain time and inspected in isolation at a plantation of the Plant Protection Station in order to test for viruses even when from other than infested areas. Further, for ginger etc., inspection of the cultivated areas is required for some regions. Import is not possible without attachment of a “Phytosanitary Certificate” of the exporting government stating that this has been done.

When importing fresh or chilled, frozen, and dried, the importer must promptly submit to the Plant Protection Station an “Application for Import Inspection of Plants and Import-Prohibited Articles” along with a “Phytosanitary Certificate” issued by the competent government agency of the exporting country. Importers should note that only certain ports of entry equipped with plant quarantine facilities are designated for plant imports. If an infestation is detected, and then the importer will be ordered to decontaminate, discard, or return to the shipper.

Fig. 7 Plant Protection Law procedures

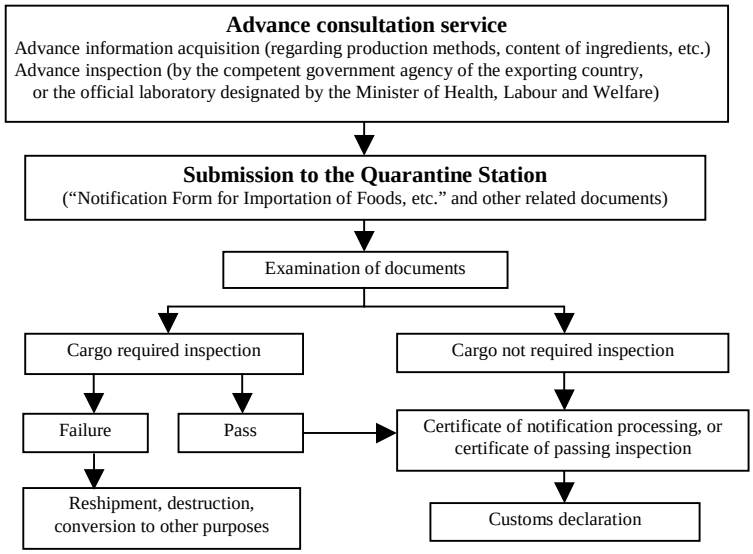


All vegetables, both fresh and frozen, are subject to provision of the Plant Protection Law. However, even an import-prohibited item may be imported if it can be verified that they were completely freeze-dried, completely dried, or pickled or otherwise processed. In this instance, the importer must submit a “Phytosanitary Certificate” issued by a competent government agency of the exporting country affirming that the frozen vegetables have been quick-frozen and maintained at a temperature no higher than –17.8°C (0°F). If the vegetable is not an import-prohibited item, the importer should obtain documentation from the manufacturer demonstrating that the vegetable was frozen at a temperature of –17.8°C (0°F) or lower. If the freezing was inadequate, the vegetable will fail the plant quarantine inspection.

2) Food Sanitation Law

Under provisions of the Food Sanitation Law, an import notification is required for all vegetables being imported for the purpose of sale or for other commercial purposes. Importers are required to submit the completed "Notification Form for Importation of Foods, etc." to the Quarantine Station at the port of entry. A determination is made based on the document examination whether or not an inspection at the bonded area is required.

Fig. 8 Procedures required under the Food Sanitation Law



Fresh vegetables are inspected for residual pesticides and agricultural agents (including preservatives, film compounds, etc.), food additives (including colorings) and radioactivity. Frozen vegetables are inspected for compliance with bacterial content standards, when taking either as-is or after being cut into pieces and put in containers before freezing. On the other hand, frozen vegetables, which are frozen after being blanched (Note) or sautéed or otherwise heat-treated, are subject to composition specifications for bacteria count and presence of coliform group. The applicable composition specifications differs according to whether heat treatment was applied immediately before the vegetables were frozen, whether the vegetables are meant to be eaten as-is after thawing, or whether the vegetables are meant to be reheated before eating.

Note: Vegetables undergo deterioration in product quality even after freezing due to the actions of yeast. If the vegetables are blanched, which involves applying heat for a very brief period of time, it inhibits the activity of yeast, and then the vegetables can be frozen.

Prior to importing, the importer may take a sample of forthcoming imports to official laboratories designated by the Minister of Health, Labour and Welfare in Japan or in exporting countries. Those test results may be substituted for the corresponding inspection at the port of entry, which expedites the quarantine clearance process.

In addition, importers who wish to submit their notifications by computer may make use of the computerized FAINS (Food Automated Import Inspection and Notification System) for processing import-related documentation. Importers who have the required hardware and software may apply for a security code from the Minister of Health, Labour and Welfare to access the system.

3) Foreign Exchange and Foreign Trade Law

Under Import Notice, which was issued based on provisions of the Foreign Exchange and Foreign Trade Law, as of June 1, 1997, importers of garlic and ginger grown in China are required to file report with the Minister of Economy, Trade and Industry within two weeks of clearing customs. This report must list the volume imported, the value of the cargo imported, the place of origin, the port of loading, the name of the exporter and other items as required.

(2) Regulations and Procedural Requirements at the Time of Sale

The sale of vegetables is subject to the Food Sanitation Law, the JAS Law, the Measurement Law, the Containers and Packaging Recycling Law, the Law for Promotion of Effective Utilization of Resources, and local government ordinances.

1) Food Sanitation Law

The Food Sanitation Law prohibits to see foods containing toxic or harmful substances and foods that are unsafe for human health. When selling packaged frozen vegetables, they must be labeled in accordance with provisions of the Food Sanitation Law. In addition, a legal obligation was newly added for labeling standards for genetically modified foods. (see 4. Labeling)

2) JAS Law

(Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products)

The JAS Law establishes proper labeling standards for all food and beverage products sold to consumers. The JAS Law provides for separate quality labeling standards for processed foods and fresh foods. In addition, a legal obligation was newly added for labeling standards for genetically modified foods. (see 4. Labeling)

3) Measurement Law

Frozen vegetables sealed in wrapping or containers are required the labeling of the net content to certain accuracy (range of error specified by Cabinet Ordinance).

4) Containers and Packaging Recycling Law (Law for Promotion of Sorted Collection and Recycling of Containers and Packaging)

The Containers and Packaging Recycling Law was enacted to promote recycling of container and packaging waste materials. It provides for sorting by consumers, sorted collection by municipalities, and product reuse (recycling) by product makers and distributors for glass bottles, PET bottles, paper and plastic containers and packaging. Consequently, packaged frozen foods importers incur the obligation for recycling of containers and packaging (although stipulated small-scale importers are exempt). Please consult the competent government agencies listed below for more information.

5) Law for Promotion of Effective Utilization of Resources

As of April of 2001, new identifier labeling requirements apply to paper (not including beverage containers not containing aluminum) and plastic container materials, in addition to previously existing labeling requirements for steel and aluminum cans or PET bottles. (see 4. Labeling)

(3) Competent Agencies

- Food Sanitation Law
  Policy Planning Division, Department of Food Sanitation, Pharmaceutical and Medical Safety Bureau, Ministry of Health, Labour and Welfare
  TEL: 03-5253-1111 http://www.mhlw.go.jp
- Plant Protection Law
  Plant Protection Division, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries
  TEL: 03-3502-8111 http://www.maff.go.jp
- JAS Law
  Standards and Labeling Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries
  TEL: 03-3502-8111 http://www.maff.go.jp
- Measurement Law
  Measurement and Intellectual Infrastructure Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp
- Foreign Exchange and Foreign Trade Law
  Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp
- Containers and Packaging Recycling Law / Law for Promotion of Effective Utilization of Resources
  Recycling Promotion Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp
  Recycling Promotion Division, Waste Management and Recycling Department, Ministry of the Environment
  TEL: 03-3581-3351 http://www.env.go.jp
  Food Industry Policy Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries
  TEL: 03-3502-8111 http://www.maff.go.jp

4. Labeling

(1) Legally Required Labeling

<Fresh vegetables>

Fresh vegetables are subject to the Fresh Food Product Quality Labeling Standards under the JAS Law. It is required to place labeling of the following items on the container or packaging in a readily visible location, or to display it in a readily visible location adjacent to the applicable fresh food item.

1) Product name
2) Country of origin

<Frozen vegetables>

When selling frozen vegetables sealed in wrapping or containers, following items must be listed all together on the label, under provisions of the Food Sanitation Law, the Processed Food Product Quality Labeling Standards under the JAS Law, and the Measurement Law.

<Labeling items to be listed all together>

1) Product name
2) Date of minimum durability (best-before date)
3) List of ingredients and food additives, if any
4) Net contents
5) Usage instructions
6) Preservation method
7) Reheating instructions
8) Country of origin
9) Importer's name and address

<Labeling requirements for genetically modified foods>

The Food Sanitation Law and the JAS Law classify genetically modified foods into three categories according to their scientific properties, and stipulates labeling method for soybeans (including green soybeans and soybean sprouts), corn, potatoes, rapeseed, cottonseed, and processed food products made from these designated agricultural products.

1) For the genetically modified organism (GMO) and processed foods made from GMO as a main ingredient, if they are produced or distributed without segregation between GMO and non-GMO, it shall be declared that segregation has not been made. (Compulsory labeling)

2) For the genetically modified organism (GMO) and processed foods made from GMO as a main ingredient, if they are confirmed that they have been treated under a identity preserved handling, it shall be declared as the ingredient is GMO. (Compulsory labeling)

3) For the non-GMO and foods made from non-GMO as a main ingredient, if they are confirmed that they have been treated under a identity preserved handling, labeling is not required. But they may voluntarily declare as the ingredient is non-GMO. (Voluntary labeling)

<Labeling under the Law for Promotion of Effective Utilization of Resources>

When paper or plastic is used as a packaging material for wrapping of individual product items, or for labels, external packaging or elsewhere, a material identifier mark must be displayed with information where the material is used.

< Example >

External packaging

Individual packaging

(2) Voluntary Labeling based on Provisions of Law

1) JAS Law

<Inspection and Certification of Organic Agricultural Products and Processed Organic Agricultural Products>

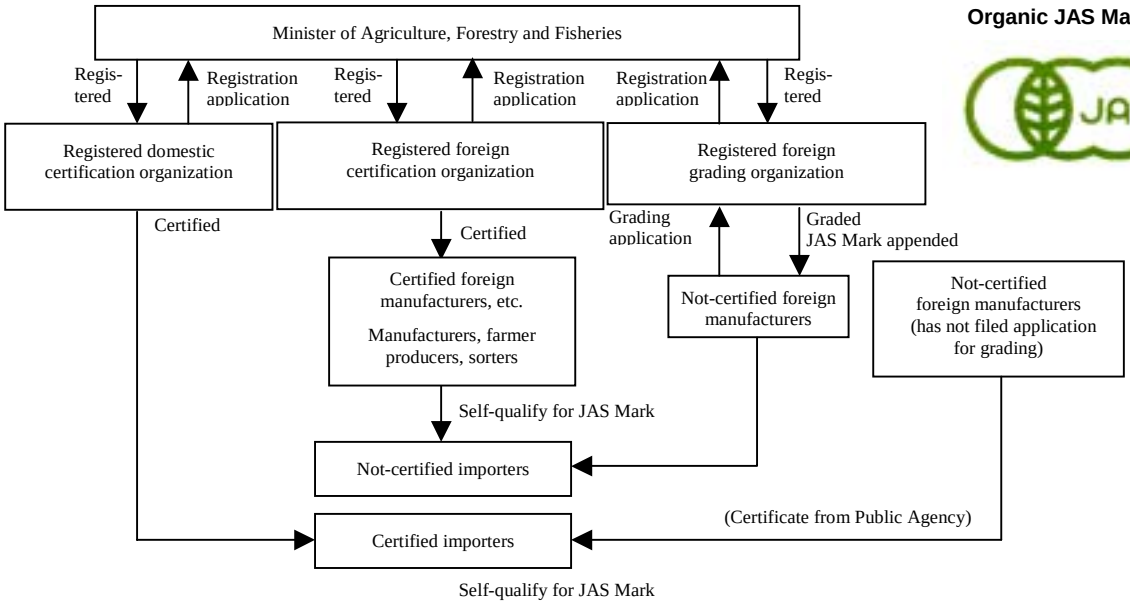
The JAS Law establishes a "special JAS standard" for organic agricultural products and processed organic agricultural products. Only those products that comply with this standard are allowed to include in their labeling the phrase "organic" and to display the Organic JAS Mark. Organic agricultural products produced abroad (in countries recognized as having a certification program equivalent to the JAS system) must be qualified according to one of the following methods in order to use the phrase "organic" and to display the Organic JAS Mark.

1) Product is qualified by a foreign grading organization registered with Japan's Minister of Agriculture, Forestry and Fisheries, and is imported with the JAS Mark attached.

2) Manufacturers, production process supervisors (farmer producers) and sorters shall be authorized to self-qualify with the approval of a registered certification organization. This provision applies to foreign countries as well. This means that foreign manufacturers, etc., may be authorized to self-qualify by registered a foreign certification organization, and to export the product with the JAS Mark attached to Japan.

3) Importers may obtain approval to qualify from a registered certification organization in Japan, and they may self-qualify the imported product by accompanied certificate (or copy) issued by a public agency abroad.

Fig. 9 Inspection and certification system for imported organic agricultural products and processed organic agricultural products



Contact:
Center for Food Quality, Labeling and Consumer Services Headquarters
Standard and Labeling Department TEL: 048-600-2371 http://www.cfqlcs.go.jp

(3) Voluntary Industry Labeling

<Labeling Guideline by the Japan Frozen Food Association>

The Japan Frozen Food Association has adopted voluntary labeling standard based on the laws. These standards require that the following items appear on the product label:

- Frozen food item statement
- Product name
- Ingredient name
- Content volume

- Date of minimum durability (or best-before date)
- Preservation method
- Usage instructions
- Pre-heat-treatment indication (only for products requiring cooking)
- Cooking requirement, if any
- Country of origin
- Producer or importer name and address

<Certification Mark by the Japan Frozen Food Association>

Certification Mark by the Japan Frozen Food Association

The Japan Frozen Food Association has voluntarily adopted food quality guidelines and established approved facility designation procedures. The frozen food processing plants of Association members may be inspected for facility and product and sanitation quality control procedures. Plants that pass inspection are designated as Japan Frozen Food Association Approved Factory, indicating compliant with Association quality guidelines.

Contacts:
Japan Frozen Food Association TEL: 03-3667-6671
http://www.reishokukyo.or.jp

5. Taxes

(1) Customs Duties

Following tables present tariff rates on fresh and frozen vegetables.

Fig. 10 Customs duties on fresh vegetables

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0701.90	Potatoes	5%	4.3%		
0702	Tomatoes	5%	3%		
0703.10	Onions	10%	8.5%		
-011	Not more than ¥67/kg in value for customs duty				
-012	More than ¥67/kg but not more than ¥73.70/kg in value for customs duty				(¥73.70-the value for customs duty)/kg
-013	More than ¥73.70/kg in value for customs duty				Free
-020	Shallots	5%			
0703.20, 90	Garlic, leeks and other alliaceous vegetables	5%	3%		
0704.10, 20, 90	Cabbages, cauliflowers Brussels sprouts, broccoli and other	5%	3%		
0705.11, 19, 21, 29	Cabbage lettuce (head lettuce), lettuce, witloof chicory and others	5%	3%		
0706.10	Carrots and turnips	5%	3%		
0706.90	Other edible roots	5%			
-010	Burdock		2.5%	Free	
-090	Other edible roots except above		3%		
0707	Cucumbers and gherkins	5%	3%		
0708.10, 20, 90	Peas, beans, and other legmious vegetables	5%	3%		
0709.10, 20, 30, 40, 70	Globe artichokes, asparagus, aubergines (egg-plants), celery, spinach, New Zealand spinach and orache spinach(garden spinach)	5%	3%		
0709.90	Other fresh vegetables				
-010	1. Sweet corn	10%	6%		
-091, -092, -099	2. Pumpkins, lotus roots and other	5%	3%		
0714.90 -210	Taros	15%	9%		
0910.10 -231	Fresh ginger	5%	2.5%	Free	

Note : Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

Fig. 11 Customs duties on frozen vegetables

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0710.10, 21, 22	Potatoes, Peas, beans, and other legmious vegetables	10%	8.5%		
0710.29	Other frozen vegetables	10%			
-010	Green soy beans		6%		
-090	Other leguminous vegetables		8.5%		
0710.30	Spinach, New Zealand spinach and orache spinach (garden spinach)	10%	6%		
0710.40	Sweet corn	12.5%	10.6%		
0710.80-010, -090	Broccoli and other	10%	6%		
0710.90	Mixtures of vegetables				
-100	1. Chiefly consisting of sweet corn	12.5%	10.6%		
-200	2. Other mixtures of vegetables	10%	6%		
0714.90 -110	Taros	10%	(10%)		
2004.10-100	Cooked potatoes, not otherwise prepared	10%	8.5%		
-210	Mashed potatoes	16%	13.6%		
-220	Other prepared potatoes	9.6%	9%		
2004.90-100	Prepared sweet corn, containing added sugar	17.5%	10.5%		
-120	Other prepared vegetables, containing added sugar	28%	23.8%		
-210	Asparagus and leguminous vegetables (no sugar)	20%	17%		
-220	Bamboo shoots (no sugar)	16%	13.6%		
-230	Sweet corn (no sugar)	12.5%	7.5%		
-240	Young corncobs (no sugar, in airtight containers)	25%	15%	9% *Free	
-291	Young corncobs (no sugar, other than in airtight containers)				
-299	Other vegetables (no sugar)	9.6%	9%		

*Note 1: "*Free" in Preferential Rate is applicable only for Least Less Developed Countries.*
Note 2 : Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

(2) Consumption Tax

(CIF + Customs duty) x 5%

6. Product Characteristics

<Fresh Vegetables>

Japan consumes about 17 million tons of vegetables a year. Japanese therefore eat more vegetables than people do in most other countries. The Ministry of Agriculture, Forestry and Fisheries (MAFF) has calculated the per capita annual consumption to be around 100 kg. A look at the types of vegetables shows that there has been an increase in vitamin-rich green vegetables in recent years amid a health craze. On the other hand, consumption of Chinese cabbage, *daikon* (Japanese radish), and other heavier vegetables has been falling.

Household consumption has been declining, while industrial consumption (by food processors and the food service industry) has been rising. Right now household and industrial consumption are about equal. Underlying this trend are changes in Japanese society and lifestyles. People used to pick and choose seasonal vegetables at their local greengrocers based on freshness, shape, color, and gloss and prepare them at home, but this practice has been on the wane in recent years. With young families living separately from their parents, more women holding down full-time jobs and young men and women choosing to live by themselves rather than with their parents, the Japanese are eating out more often. And at-home meals have become simpler, reducing preparation time. Due in part to the spread of microwaves ovens and other convenient cooking devices, more and more frozen food and precooked food is being consumed.

In addition, a broad range of vegetables is now being supplied to the market year-round. To ensure their customers a steady supply throughout the year, most mass merchandisers in the industry import vegetables from countries whose harvests do not coincide with Japan's. Consumer purchasing patterns have changed accordingly. While the emphasis on "seasonal" vegetables lingers on as a marketing tool, a growing number of consumers want to be able to buy the vegetables they want whenever they want them. This is spurring imports and leading to growth in overall consumption as well.

<Frozen Vegetables>

Because they are maintained at a temperature of –18°C or lower, frozen vegetables will keep for a year or longer without any loss of quality. The Japan Frozen Food Association has set quality retention guidelines for most varieties of frozen vegetables. For example, the Association recommends a quality maintenance deadline after the date of production of 12 months for asparagus and kidney beans, 10 months for corn on the cob, 20 months for carrots and 24 months for pumpkins. Nevertheless, enzymes in the vegetables remain active even after freezing and enzymatic action can degrade the quality of the produce. Therefore, frozen vegetables are often blanched prior to freezing, which deactivates the enzymes and helps maintain product quality. However, lettuce and other leafy vegetables commonly eaten raw in salads lose their crispness after blanching, and thus are not good candidates for freezing.

Frozen vegetable production usually takes place when the vegetable is in season at its place of origin and quality is at its peak. This means that frozen vegetables are available year-round with consistent quality and at stable prices. Consequently, whenever fresh vegetable prices go up, demand for frozen vegetables tends to increase.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

<Fresh Vegetables>

Health and naturalness have been two recent trends in the vegetable market. One sign of this is the sale of locally grown vegetables by mass merchandisers. While it is difficult to ensure stable supplies with locally grown vegetables alone due to fluctuations in the harvests, there is strong consumer demand for freshness. Therefore, the large supermarket chains have been increasing the number of outlets handling local produce and specialized sales corners all around the country. They station expert buyers in producing areas to buy vegetables, which they then ship to outlets in nearby consumption areas.

Organically grown vegetables are also making their way into the market. Not only are they delivered direct to the home, but also they are sold through special sales corners in major supermarkets and department stores. A consumer group has even set up a full-sized specialized supermarket. Food service chains are also adding organically grown vegetables to their offerings. The department stores, on the other hand, treat organically grown produce mostly as gift items because it sells more slowly than other food and often sell it in prepared form.

Also rising in popularity in recent years are precut vegetables. The supermarket chains are all marketing precut vegetables for use in salads or other dishes. Sold in two- to three-person servings and containing several types of vegetables mixed together, they offer the consumer both convenience and economy. Demand is growing from single persons living alone, families with working wives and elderly couples living on their own. Growth in fresh vegetable imports, and most especially the large volume of low-priced fresh vegetables from China, has resulted in consistently lower fresh vegetable prices. This has raised concerns in some quarters about the possibility of further shrinkage in domestic productive capacity.

Under provisions of the WTO Safeguards Agreement and the Customs Tariff Law, the Japanese government initiated provisional safeguard measures regarding three agricultural products: onions, fresh "*shiitake*" mushrooms, and straw mat coverings. The safeguard measures lasted for 200 days beginning April 23, 2001. This represented the first time that general provisional safeguard measures were initiated. In each of these instances, more than 90% of imports come from China. The Chinese government responded by placing a supplemental 100% tariff on air conditioners, mobile telephones and car telephones and on automobiles. After bilateral discussions between the Japanese and Chinese governments, the decision was made on December 21 not to apply definitive safeguard measures.

<Frozen Vegetables>

Industry observers estimate the breakdown of frozen vegetable consumption at 60% commercial use and 40% home use. Prices of fresh vegetables affect demand for frozen vegetables for household consumption, whereas commercial demand generally remains steady. They expect the frozen vegetable market to continue growing in the future. Experts look for personal consumption of frozen vegetables to increase, and they believe restaurants will make more extensive use of frozen vegetables to supplement their current menus. Other factors pointing to continued growth include continued low and stable farm and wholesale prices and the prospect for increased use in food service operation (cafeterias, etc.).

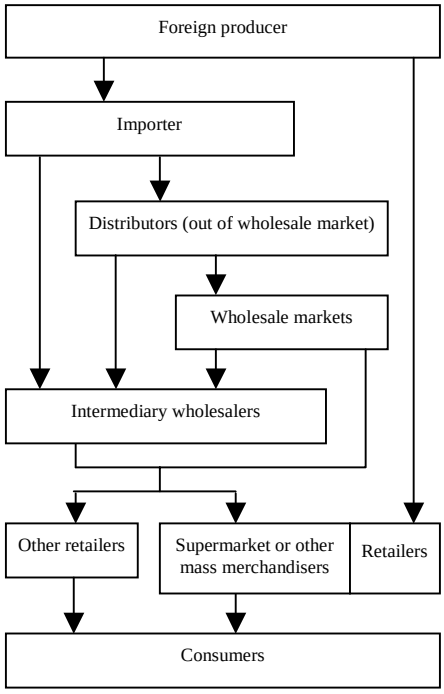
(2) Distribution Channels

<Fresh Vegetables>

Fresh vegetables are usually distributed in Japan through wholesale markets. The auction system at wholesale markets is a unique feature of the vegetable distribution system. Wholesalers put the day's shipment on auction at wholesale markets. Intermediary wholesalers and authorized buyers purchase from daily vegetable auctions, then sell the vegetables to retailers. Industry insiders claim that roughly 80% of all vegetables consumed in Japan are distributed in this manner. The remaining 20% is distributed direct (bypassing the wholesale markets) to food cooperatives, agricultural cooperatives, trading companies and volume purchasers in the food services industry, who ultimately sell the produce to consumers.

Imported vegetables brought in by importers and then either put on the wholesale markets just as if they were grown in Japan (market sales) or sold direct to wholesalers, who in turn sell to retailers (out-of market sales). Judging from transaction patterns on the central wholesale markets, imported vegetables appear to be sold direct to wholesalers or volume purchasers more than domestic grown vegetables. Recently larger mass merchandisers and specialty shops have begun contracting directly with overseas distributors to provide vegetables that meet specified conditions. This practice seems to be on the increase.

Fig. 12 Distribution channels for imported fresh vegetables

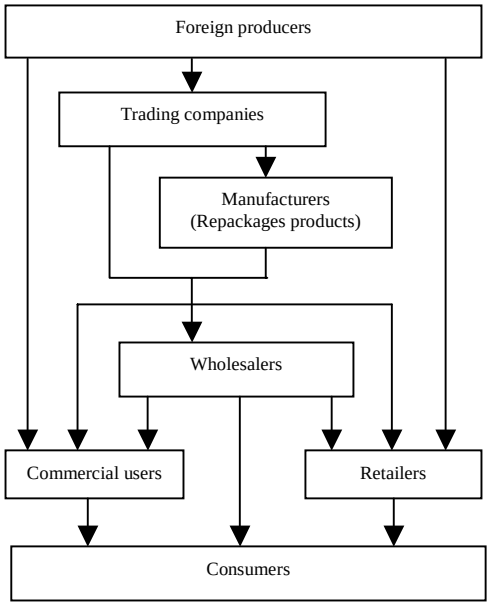


<Frozen Vegetables>

The most common distribution method is for a trading company to provide the frozen vegetables to a Japanese frozen food maker, which repackages the vegetables and sells them through wholesalers to retailers or commercial users along with Japanese-made frozen vegetables and other frozen food products. Sometimes imported frozen vegetables go directly from the trading company to a processed food manufacturer for use in making processed food products. Recent years have witnessed the rise of newer distribution methods that bypass the intermediate stages of the usual distribution process, such as contract production overseas for large food services companies and direct imports by mass merchandisers.

In the case of frozen vegetables, almost none are sold through the wholesale markets. Consequently, the increase in frozen vegetable imports has meant a smaller role for the wholesale markets in vegetable distribution as a whole. This represents one reason why wholesalers intermediary wholesalers have been experiencing financial difficulties.

Fig. 13 Distribution channels for imported frozen vegetables



(3) Key Considerations for entering the Japanese Market

<Fresh Vegetables>

Prospective fresh vegetable importers face potential problems with understanding the auction system in the wholesale markets and with distribution costs. Selling on the wholesale markets simplifies the process somewhat since the importer does not have to search for customers and the shipment wells out the same day. Accordingly, spot imports should probably be sold on the wholesale markets.

Distribution costs are high because of the need for measures to minimize damage, refrigeration costs, and sorting and packaging costs. The key is whether the importer can sell the produce at a lower price than domestically grown produce while maintaining freshness and quality. There are a number of cases where importers have found success by contracting with mass merchandisers or large food services industry firms to supply fresh vegetables on an ongoing basis.

In other cases, such as New Zealand pumpkins, foreign producers and distributors have succeeded in the Japanese market by tailoring their products to Japanese consumer preferences. Producers have also employed cultivation methods that aid compliance with Japanese residual pesticide standards, and exporters perform stringent inspections prior to exporting. Finally, prospective importers of vegetables that are unfamiliar to Japanese consumers have to conduct advertising and public information campaigns to create demand for the product and educate consumers on how to prepare and use the product.

<Frozen Vegetables>

Frozen vegetable imports are usually bulk-ordered in shipping container lots. Imports incur freezing, refrigeration, sorting and packaging costs during the distribution process. In addition, Japanese quality and labeling standards are fairly stringent. This means that prospective importers must make sure their products meet exacting requirements for freshness, breakage and spoilage, size and color. It is especially important that proper food health and safety procedures be followed at every stage of the process, from production in the country of origin to importation and distribution in Japan.

8. After-Sales Service

Because fresh vegetables are prepared and consumed in fairly predictable ways, and because they are consumed within a rarely short time after sale, there is rarely any need for after-sales service. Sometimes, however, importers need to include some explanation about the country of origin or, in the case of less common vegetable items, how to prepare and use the item.

As with any processed food item, product defects may be the responsibility of the retailer, the shipper, the brand name owner or the importer, depending on the circumstances.

9. Related Product Categories

• Mushrooms

Please refer to “I-11 Mushrooms” in this guidebook.

• Prepared vegetables

Cucumbers, ginger, bracken, miniature eggplant and scallions are often soaked in brine or pickled and bottled before importing. Such products are subject to provisions of the Food Sanitation Law. In addition, all prepared vegetables are subject to the Frozen Food Product Quality Labeling Standards under the JAS Law.

• Frozen fruit

Frozen fruit is subject to the same provisions of the Food Sanitation Law as frozen vegetables. Japan imports 40,000-50,000 tons annually of strawberries and other berries and cherries. Most of these imports are used to make jam and fruit juice drinks. Very little passes through the usual frozen food distribution channels.

10. Direct Imports by Individuals

All fresh vegetable imports are subject to quarantine requirements under the Plant Protection Law. However, imports of quantities deemed appropriate for personal consumption are exempt from requirements of the Food Sanitation Law.

Imports of frozen vegetable by individuals are exempt from requirements of the Food Sanitation Law. It is farfetched that an individual importing a small quantity of frozen vegetables would be able to keep the food frozen and acceptably fresh for long enough to bring it into Japan from abroad without access to the refrigeration facilities possessed by the usual distribution channels.

11. Related Organizations

• Japan Fruit Produce Import Facilitation Association (Nisseikyo)	TEL: 03-5833-5141	
• Japan Frozen Food Association	TEL: 03-3667-6671	http://www.reishokukyo.or.jp
• Japan Frozen Food Inspection Corporation	TEL: 03-3438-1411	http://www.jffic.or.jp