

Agriculture and  
Agri-Food CanadaAgriculture et  
Agroalimentaire Canada

Canada

Publication Date: June, 1998

# The Japanese Market for Fresh Vegetables

Canadian Consulate General  
Daisan Shoho Bldg., 12F  
2-2-3 Nishi Shinsaibashi,  
Chuo-ku, Osaka 532

## Table of Contents

[Background](#)[Overall market trends](#)[Import trends](#)[Distribution channels for imported fresh vegetables](#)[Opportunities for Canada](#)[Conclusion](#)

## Background :

Japan is the world's largest net importer of agri-foods, importing over C\$50 billion per year from all over the world. The self-sufficiency ratio of most agri-food products are below 50%, however fresh vegetables are one of a few exceptions. Until the late 1970s, the self-sufficiency ratio was almost 100%. Today, Japan consumes around 17 million tons of vegetables per year and its per capita annual consumption is over 100kg. (including processed and frozen vegetables).

Internationalization of this market has been proceeding steadily. The self-sufficiency ratio for fresh vegetables in Japan is expected to be around 85% in the year of 1997. The growth of import penetration in the market for vegetables can be explained by several reasons:

- Development of chilled container technology to transport fresh products from foreign countries
- Development of vegetable growing areas in foreign countries specifically for export to Japan (by players in the Japanese market).
- Life styles of Japanese people have become much more Westernized. Consumers are now purchasing unique Western fresh vegetables such as chicory, zucchini and fennel, which used to be very unfamiliar to most Japanese.

This report will briefly show the trends in the Japanese fresh vegetable market and opportunities for Canadian fresh vegetable exporters.

[TOP](#)

## Overall market trends :

In the agri-food product market in Japan, health-consciousness is one of the most important trends, and the market for fresh vegetables is no exception. There has been growth in sales of vitamin-rich vegetables such as broccoli, tomatoes and other green leaf vegetables. On the other hand, consumption of heavier, more traditional vegetables such as Chinese cabbage and Japanese radish (*Daikon*) have been falling.

Furthermore, organically grown vegetables are making their way into the market. Major Japanese supermarkets are setting up special sales corners to sell organically grown fresh vegetables. Almost all of which are produced domestically. The reason for the reliance on domestic organic produce is that imported vegetables are often fumigated upon their arrival in Japan. Once fumigated, produce can no longer be considered organic, and not marked-up as such in supermarkets. Organic vegetables are marked-up 20-30% higher than conventional produce.

Domestically, however, due to a loose regulatory environment (as specified by the Japanese Ministry of Agriculture, Fisheries and Forestry) for organically-grown vegetables in Japan, it must be noted that there is confusion among consumers (and even in the industry) concerning the term "organic." Japanese guidelines are so loose that some products would not be labelled as organic using internationally recognized standards.

Another remarkable trend is the growth in sales of pre-cut vegetables sold in major supermarkets. Many major supermarkets cut fresh vegetables in-store, and retail them in plastic or vinyl bags, as is often the case in Canadian supermarkets. These pre-cut vegetables used to be prepared for use in salads only, but now, in addition, there are other types of pre-cut vegetables available for grilling or for saute dishes. Pre-cut vegetable packs are popular amongst singles, young couples, or younger families facing time constraints. Vegetables used in pre-cut packs are often lettuce, cabbage, cucumbers or celery. Given the history of fatal outbreaks of E-coli (popularly known as "O-157" in Japan) however, some consumers are reluctant to eat fresh or raw foods, especially in summer. Such people will still purchase pre-cut vegetables for cooking, however.

[TOP](#)

### Import trends :

Fresh vegetable imports have been rising fairly consistently in recent years. In 1996, the top three fresh vegetable varieties which Japan imported were as follows:

1. Onions 184,455 tons (U.S, Australia, N.Z, Chile, Thailand)
2. Squash 143,789 tons (N.Z, Mexico, Tonga)
3. Broccoli 73,767 tons (U.S, Mexico)

Squash is an interesting case. In the late 1960's, Japanese traders and fresh vegetable wholesalers started to develop growing areas in New Zealand to grow squash which were, and still are, the most popular variety, known as "*Yebisu*". They worked together with seed companies who developed this variety. As New Zealand has opposite seasons from Japan, it is in a position to export this special squash to Japan just when fresh squash is in short supply.

The vegetables listed above are comparatively heavier vegetables, usually consumed after cooking. They can endure long distance transportation and the demand for freshness is not as severe as that for tomatoes or cucumbers.

On the other hand, countries like the Netherlands and South Korea are trying to penetrate the Japanese market by supplying perishable vegetables such as tomatoes, cucumbers, endives, zucchini and chicory. South Korea is growing and exporting the most popular brand of tomato in Japan (known as "*Momotaro*") by importing the seeds from Japanese seed companies. South Korea has an advantage in the export to Japan of perishable vegetables in its geographical proximity.

The Netherlands is trying to develop a Japanese market by introducing varieties of vegetables which are unfamiliar to most Japanese (such as colourful sweet peppers, endives, zucchini or chicory). The consumption of such "new" vegetables in Japan is growing.

[TOP](#)

### Distribution channels for imported fresh vegetables :

According to government regulations, Japanese cities of a certain size have to establish central wholesale markets to 'stabilize market prices' of fresh vegetables. In days gone by, most fresh vegetables harvested in Japan were sent to central wholesale markets and distributed to wholesalers or retailers after auction. However, some farmers now sell vegetables directly to wholesalers or even to major retailers.

Behind this change in the traditional distribution channels is a strong consumer demand for lower priced, fresher products.

According to one wholesaler, over 95% of the vegetables imported into Japan are distributed directly, as opposed to through a central market. After arrival in Japan, importers send the products directly to wholesalers or retailers with whom they have a long-term supply contract. Importers and wholesalers who can operate their own storage (fridges in this case) and have their own delivery services are staying away from the central markets when it comes to imported vegetables.

[TOP](#)

### Opportunities for Canada :

According to a fresh vegetable wholesaler, Canada has huge potential as a source of "perishable" fresh vegetables. The company in question currently handles fresh vegetables from the Netherlands such as tomatoes, colourful sweet peppers (known as *paprika* in Japan), chicory, zucchini and endives. In 1996, when the Japanese government decided to permit the entry of seven varieties of Canadian tomatoes, this company sent representatives to Canada to investigate the fresh vegetable industry. The results of their visit was that the varieties approved for entry into the Japanese market were not suitable in terms of taste and texture, if they were to be consumed fresh (recently, Canada has had more success in marketing its tomatoes to the food services industry, where a less-juicy tomato is desirable). However, according to their analysis, Canada can compete with the Netherlands in the area of "perishable" fresh vegetables. Canada has excellent growing facilities, better climatic conditions and a geographical advantage over the Netherlands in terms of proximity to Japan. This same company suggested that Canada could not compete with New Zealand or the U.S in the area of "heavy" vegetables such as onions or squash, which require labor-intensive production and are very price sensitive. Opportunities for Canada, they feel, are as follows;

1. Red, Orange, and Yellow Peppers (or *paprika*)
2. Tomatoes
3. Lettuce (butter-head lettuce)
4. Western vegetables such as zucchini, endives, chicory

Unfortunately, at this moment, only four countries are allowed to export peppers (*paprika*) to Japan: New Zealand, South Korea, Saudi Arabia and the Netherlands due to concerns over plant disease.

As for tomatoes, as mentioned earlier, the seven varieties allowed for export to Japan from Canada do not seem to be suitable for the consumer market. Japanese consumers prefer sweeter tomatoes with fruit that is more pink. As mentioned above, however, the food service industry (including family restaurant and fast food chains) where tomatoes with tougher skins and longer shelf life are preferred should be targeted by Canadian producers.

Canada should continue to work with the Japanese authorities to open fresh vegetable markets, particularly in the case of peppers and tomatoes. Further, and this can not be over-emphasized, it is recommended that Canadian growers work with Japanese seed companies in selecting varieties best suited for the Japanese marketplace. Japanese seed companies are aggressively trying to develop fresh crop production

areas overseas, and then bring the harvests to market in Japan.

Immediate opportunities exist in the export of endives, chicory and zucchini, which are relatively new Western vegetables to most of the Japanese consumers.

These vegetables used to be consumed in high-end Western style restaurants only; they can now be seen on supermarket shelves. According to a number of vegetable wholesalers, these kinds of special vegetables were not of interest whatsoever 20 years ago. Lifestyles are changing in Japan, though, and it is demand from the consumer that is pulling these kinds of products through the distribution system.

It should be pointed out that, at this moment, imports of chicory, endives and zucchini from Canada are not prohibited, and there are no import quotas.

Comments from players in the fresh produce market reveal an important point concerning pesticides. Apparently, Japanese consumers are worried about consuming vegetables that may contain agricultural chemicals or pesticide residues. There is a strong belief in Japan that vegetables grown abroad are not subject to the "strict Japanese standards" applied here. When promoting fresh vegetables in the Japanese market, Canadians should try and educate buyers and consumers that Canada uses less agricultural chemicals than most other countries, including Japan. Vegetables certified as 'organic' will continue to see popularity in this market because of the concerns mentioned above.

TOP

## Conclusion :

There is an immediate opportunity in Japan for Canadian exporters of some fresh vegetables. Following the lead of the Netherlands, Canada can enter the market here based on its geographical advantage over Holland in proximity.

*Canadian exporters, who are in a position to export fresh vegetables such as chicory, endives or zucchini, should be aware that they can penetrate the Japanese market if they can offer prices and quality products, competitive to those of the Netherlands.*

TOP

*For more information, please contact:*  
*Michael Leclair*  
*Senior International Marketing Officer (Japan)*  
*International Markets Bureau*  
*Market and Industry Services Branch*  
*10th Floor, Sir John Carling Building*  
*930 Carling Avenue*  
*Ottawa, Ontario*  
*K1A 0C5*  
*Tel: (613) 759-7523*  
*Fax: (613) 759-7506*  
*Internet: [leclairm@em.agr.ca](mailto:leclairm@em.agr.ca)*

Canada