

Japanese Market Information on Specified Products

Mushrooms

1. The Japanese Market

Although production of shiitake mushrooms has been in a long-term decline, that of shimeji and maitake mushrooms has grown.

Mushroom demand in Japan can be divided into commercial demand, household demand, and gift demand. Commercial demand, affecting restaurants and food processors, has grown more rapidly in recent years than other types of demand. Shiitake demand tends to be fairly constant throughout the year partly because it can be grown year-round and partly because it has a wide variety of culinary uses.

Market prices for matsutake mushrooms fluctuate considerably depending on supply and demand and on mushroom quality. Matsutake supply is affected greatly by the weather. Prices go down when supplies are plentiful and up when supplies are scarce. The market is made more complex because matsutake demand is driven by changing consumer tastes, yet high prices resulting from such increased demand in turn drive consumers away.

Fresh and dried shiitake mushrooms are less vulnerable to the weather and prices stay relatively stable throughout the year. For fresh shiitake mushrooms, home use accounts for about 80% and commercial use accounts for about 20% of total sales. For dried shiitake mushrooms, the percentages are about 60% for commercial use, just under 30% for home use, and the remainder for gift use.

Mushrooms are classified into fresh and dried products, each of which goes through different production and distribution setups. Fresh mushrooms, because they can only be stored for a short time, are made mostly near large urban centers where the consumers of such products are located. In recent years, air shipping is used to import not only matsutake mushrooms but shiitake mushrooms as well.

Mushrooms are subject to the provisions of the Food Sanitation Law and many other statutes; prospective imports must be aware of all. Prospective importers of fresh mushrooms must also carefully study not only the cost of production but also the cost of transportation, as most importers must rely on air freight to get the goods to the market while they are still fresh.

Importers must realize that the Japanese market places stringent requirements of product quality and standards compliance. Importers must pay careful attention to the freshness, size, and other characteristics of their products. Prospective importers of new varieties of mushrooms must be aware of its correct taxonomic classification since many species of mushrooms are harmful to human health.

2. Imports

(1) Recent Developments

Fresh mushroom imports in 1998 increased 19.1% from the previous year to 35,489 tons while dried mushroom imports fell 1.4% to 11,601 tons.

Mushroom imports have in the main increased in recent years. The four major types of imported mushrooms are fresh and dried shiitake mushrooms, matsutake mushrooms, and Jew's ear. Domestic demand for mushrooms has grown steadily, helped by the health food boom, but the shortage of matsutake production (artificial cultivation of matsutake mushrooms is still only in the research stage) and high cost of shiitake production (accounted for by high wages) have made it difficult for domestic producers to supply low-priced mushrooms. Imports are used to fill the gap.



	1994		1995		1996		1997		1998	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Fresh / Chilled	28,602	28,185	30,403	28,055	27,707	25,781	29,794	27,799	35,489	28,159
Matsutake	3,622	17,933	3,515	18,566	2,703	15,073	3,059	17,694	3,248	16,671
Shiitake	24,320	9,735	26,308	8,858	24,394	9,972	26,028	9,292	31,396	10,524
Other Mushrooms	655	248	572	314	600	432	698	549	835	684
Truffles	5	269	7	317	10	304	10	263	10	281
Dried	10,240	10,010	9,720	8,437	9,589	9,682	11,765	14,440	11,601	13,419
Shiitake	7,804	8,029	7,539	6,845	7,206	7,524	9,400	11,460	9,048	9,693
Jew's Ear	2,194	1,680	2,075	1,354	2,197	1,608	2,218	1,954	2,308	2,094
Other Mushrooms and Truffles	242	300	106	238	186	550	147	1,026	245	1,632
Total	38,842	38,195	40,123	36,492	37,296	35,463	41,559	42,238	47,090	41,578

Unit: tons, Million Yen

Source: Japan Exports and Imports

(2) Countries of Origin

Taking mushrooms as a whole, imports from China make up the largest percentage, accounting for about 90% of total imports in volume and 70% in value. China accounts for such a high percentage because it produces dried shiitake mushrooms, fresh shiitake mushrooms, and Jew's ear, all of which Japan imports in large quantities.

Dried shiitake mushrooms is a traditional Japanese preserved food, but inexpensive dried shiitake have been imported from China for commercial use, resulting in most imports of this product to be from China. Matsutake mushrooms are imported from China, the People's Democratic Republic of Korea, the Republic of Korea, and Canada. Imports from the Republic of Korea are taken up mostly by expensive matsutake mushrooms, which explains the country's high share in import value. Most imports from the People's Democratic Republic of Korea and Canada are matsutake mushrooms as well, the amount of imports fluctuating according to the matsutake harvest. Imports from Canada tend to increase when imports from the two Koreas decrease. Jew's ear have been imported in the past from Taiwan, but they have been replaced mostly by Chinese imports. Although low in volume and value, Japan also imports truffles from France and Italy.

Principal Exporters of Mushrooms to Japan

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
CHINA	24,786	22,057	25,910	29,586	29,581	44,503
S KOREA	2,928	7,114	3,199	4,211	5,172	556
N KOREA	6,928	4,074	1,059	2,794	2,553	1,086
CANADA	1,913	1,564	2,736	2,612	2,007	442
BRAZIL	69	75	224	406	663	25
OTHERS	1,571	1,609	2,334	2,628	1,602	478
TOTAL	38,195	36,492	35,463	42,238	41,578	47,090

Unit: Million Yen, tons

Source: Japan Exports and Imports



(3) Share Accounted for by Imports

According to the Forestry Agency, the share accounted for by imports for dried shiitake mushrooms exceeded 50% for the first time in 1997. Imports of fresh shiitake have also increased rapidly in recent years, although there are no figures for its exact share in the market. There are no accurate figures for domestic truffles production; it is believed that imports hold a near monopoly in this market.

Imports' Share of "Dried Shiitake" in the Japanese Market

	1993	1994	1995	1996	1997
Domestic Products	9,299	8,312	8,070	6,886	5,786
Import	7,208	7,804	7,539	7,206	9,400
Export	696	959	544	519	280
Import's Share	45.6%	51.5%	50.0%	53.1%	63.1%

Unit: tons

Source: Forestry Agency

3. Laws and Regulations

Depending on how they are used, mushroom imports are subject to the provisions of the Plant Protection Law, Food Sanitation Law, Law Concerning the Standardization and Proper Labeling of Agricultural and Forestry Products (JAS Law), Measurement Law, and Pharmaceutical Affairs Law.

(1) Plant Protection Law

Imports of mushrooms attached with particles of soil are prohibited regardless of their use. Mushrooms intended as food such as matsutake, shiitake, and Jew's ear pose no potential harm to other plants and trees; therefore, imports of these mushrooms need not fulfill the requirements of this law.

Any person or organization wishing to import other types of mushrooms, including those never imported before, must report the scientific name of these mushrooms to the plant protection station, which determines whether they can be imported into Japan or not.

(2) Food Sanitation Law

Mushrooms imported as food are subject to the provisions of this law, which assures the safety of food items.

Mushrooms imported from Europe (e.g., French truffles) remain subject to radiation check requirements instituted after the Chernobyl nuclear power plant accident. If the importer, however, submits results of radiation testing conducted by a testing laboratory of a government agency in the exporting countries, radiation testing may be omitted at Japanese customs. Importers must also submit a "Notification Form for Importation of Foods, etc." to the quarantine station at the port of entry. The station will examine the documents and may order inspections to be conducted.

In February 1996, Japan set up a system for facilitating the monitoring of food imports. Under this system, quarantine officers of the Ministry of Health and Welfare, importers, and inspection organizations authorized by the Ministry are connected online. This system is designed to speed clearance procedures.

(3) JAS Law

This law sets standards of quality labeling for fresh and dried shiitake mushrooms.

(4) Pharmaceutical Affairs Law

Mushrooms such as hoelen and hog tuber are used as materials for making certain traditional Chinese herbal medicines. Mushrooms intended for such uses are subject to the provisions of the Pharmaceutical Affairs Law.

(5) Measurement Law

Government regulations require certain products that come in sealed wrappers or other containers to indicate their content volume as well as the name and address of their manufacturer (or importer). The law also requires the content volume to be stated to a certain range of accuracy. Processed items such as dried shiitake mushrooms are subject to these requirements.

This law also sets ranges of standard deviation for measurements of mushrooms sold by the measure.

4. Taxes

(1) Customs Duties

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0709	Other vegetables				
0709.51	1. Mushrooms	5%			
-010	(1) <i>Matsutake</i>		3.7%	Free	
	(2) Other		4.5%		
-020	A <i>Shiitake</i> mushrooms				
-090	B Other				
52-000	2. Truffles	5%	3.7%		
0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared				
0712.30	1. Mushrooms and truffles	15%			
-010	(1) Mushrooms and truffles		13.5%		
	(2) Other		11%	9%	
-091	A Jew's ear			*Free	
-099	B Other				

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

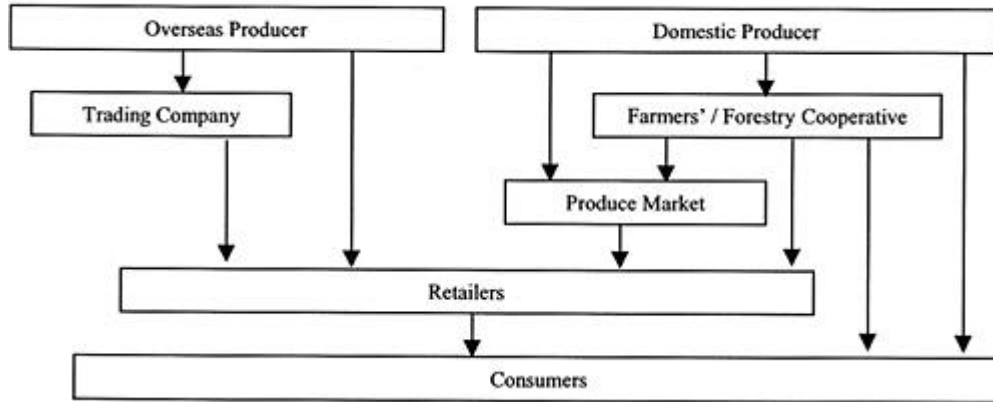
(CIF + Customs Duty) x 5%

5. Distribution

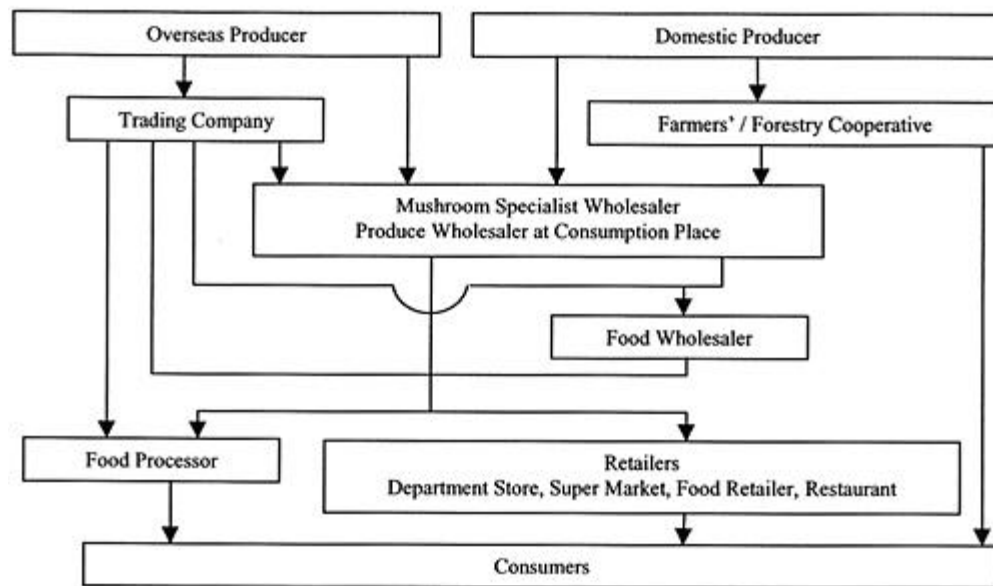
There are two primary distribution channels for mushrooms. Fresh matsutake and shiitake mushrooms are usually distributed through the same channels as fruits and vegetables. Dried shiitake and other dried mushrooms are generally sold on consignment through farmers' cooperatives and forestry cooperatives to mushroom wholesalers. Dried shiitake mushrooms are considered dried goods and in the past were considered luxury goods; hence a distinctive distribution channel was developed for it.

Imported fresh mushrooms go from the importer to the produce markets, after which they are distributed through the same channels as Japanese mushrooms. Imported dried mushrooms go from the trading company to the wholesaler and then to retailers or food processors. 60-70% of dried shiitake mushroom imports are by packers (wholesalers who conduct grading, packaging, and primary processing). Importers that are not packers are called "outsiders."

Distribution Channels for Fresh Mushrooms



Distribution Channels for Dried Mushrooms



6. Industry Contacts

Japan Special Forest Project Promotion Association
TEL: +81-3-3293-1197

The Japan Mushroom Growers Cooperative
TEL: +81-3-3270-6068

The Japan Kinoko Research Center Foundation
TEL: +81-857-22-6161

The Mushroom Research Institute of Japan
TEL: +81-277-22-8165