

# 17. Processed Meat

## 1. Definition of Category

Ham, bacon, sausage and corned beef, which prepared pork or beef products.

HS Numbers	Commodity
0210.11-010, -020, 12-010, -020, 19-010, -020 / 1602.41-011, -019, 42-011, -019, 49-210, -220	Ham and bacon
1601.00-000	Sausage
1602.50-600	Corned beef

*Note: Processed meats are generally regarded as the forms of processed meat with the strongest consumer demand.*

The Food Sanitation Law classifies table meats and processed meats as follows:

**Fig. 1 Classification of processed meat**

Table meat		Processed Meat			Other processed meat including meat <sup>(*)2</sup>
Raw meat	Meat (half-processed)	Ham, bacon, and sausage	Corned beef	Other processed meat <sup>(*)1</sup>	
Meat and internal organs of birds and beasts	Half-processed meat contains raw meat over 50%	1. Ham Roasting meat Pressed chicken Fresh ham 2. Sausage Smoked Dried 3. Bacon Bacon	Corned beef	Dried meat Hamburg Meat dumpling	Raw shao-mai, etc. Hamburger, etc. Daily household dishes

*\*1: Hamburger or meatballs with 50% or more meat content.*

*\*2: Hamburger or meatballs with less than 50% meat content.*

*\*3: Food items commonly thought of and distributed as "daily household dishes," regardless of actual meat content, including pork cutlets, Japanese soup broth, shao-mai, croquettes and wontons.*

## 2. Import Trends

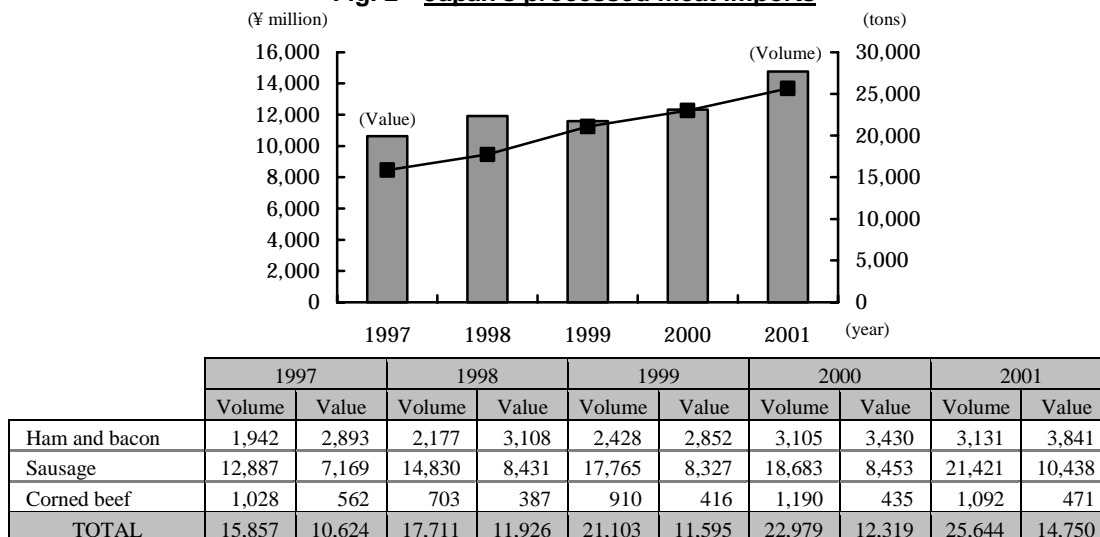
### (1) Recent Trends in Processed Meat Imports

Imports of processed meat products (total of ham and bacon, sausage, and corned beef) reached to 25,644 tons (up 11.6% from the year before) and ¥14.75 billion (up 19.7%) in 2001. The outbreak of foot-and-mouth disease in the United Kingdom in March of 2001 led to a temporary ban on imports of pork and processed pork products from the EU. Still, for the year as a whole, processed meat imports continued on a strong upward path, setting a new all-time record for the second straight year on both a volume and a value basis.

Many processed meat products cannot be imported at all due to animal quarantine restrictions, and imports still have only a very small share of the domestic market. However, diversifying consumer demand has enabled imported processed meat products to find a definite niche in the marketplace. For now, mad cow disease (BSE) and hoof-and-mouth disease appear to have had virtually no impact.

The leading variety of imported meat product is sausage, which accounts for 83.5% (21,421 tons, up 14.7% from the year before) of all imports on a volume basis. Also, imports of ham and bacon, which topped the 3,000-ton mark for the first time ever in 2000, recorded nearly the same level with the year before of a total of 3,131 tons (including 866 tons of fresh ham, down from 994 tons). Corned beef imports declined to 1,092 tons (down 8.2% from the year before).

**Fig. 2 Japan's processed meat imports**



Units: tons, ¥ million

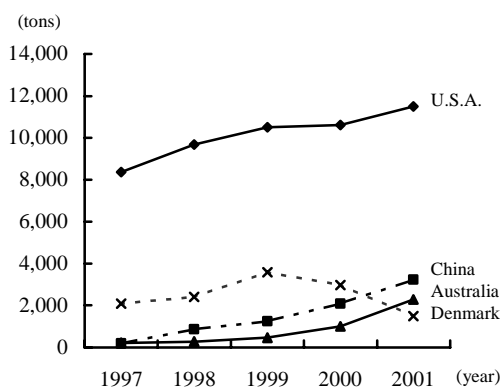
Source: Japan Exports and Imports

**(2) Imports by Place of Origin**

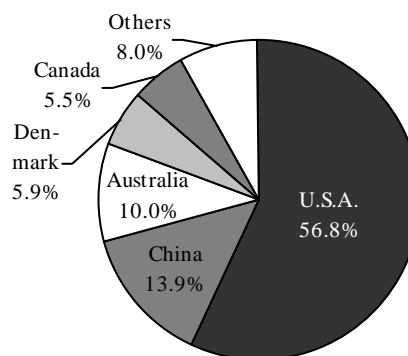
The United States holds the lead in exports of sausage, main variety of imported processed meat, with 11,505 tons (import share 53.7%). However, American export growth to Japan has been sluggish compared to other nations for the past several years, and so its import share has gradually been slipping. The United States' annualized growth of 8.4% in 2001 fell below the overall average. Because of the outbreak of foot-and-mouth disease, imports from Denmark were off by more than half, falling from 2,976 tons in 2000 to just 1,479 tons in 2001 (import share of 6.9%, dropping Denmark from 2nd to 4th in the rankings). China (up 55.4% from the year before, import share 15.1%) and Australia (2.3 times, share 10.6%) moved up in the rankings to take over the higher slots.

**Fig. 3 Principal exporters of sausage to Japan**

**Trends in import volume by leading exporters**



**Shares of sausage imports in 2001 (value basis)**



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value		
U.S.A.	8,368	9,678	10,508	10,615	4,915	11,505	53.7%	5,926	56.8%
China	188	855	1,244	2,080	909	3,232	15.1%	1,449	13.9%
Australia	216	279	463	993	439	2,278	10.6%	1,043	10.0%
Denmark	2,083	2,402	3,578	2,976	1,240	1,479	6.9%	612	5.9%
Canada	811	837	998	1,060	409	1,365	6.4%	576	5.5%
Others	1,220	780	974	959	541	1,560	7.3%	831	8.0%
<b>TOTAL</b>	<b>12,887</b>	<b>14,830</b>	<b>17,765</b>	<b>18,683</b>	<b>8,453</b>	<b>21,421</b>	<b>100.0%</b>	<b>10,438</b>	<b>100.0%</b>
(E U)	2,601	2,822	3,984	3,502	1,604	1,845	8.6%	927	8.9%

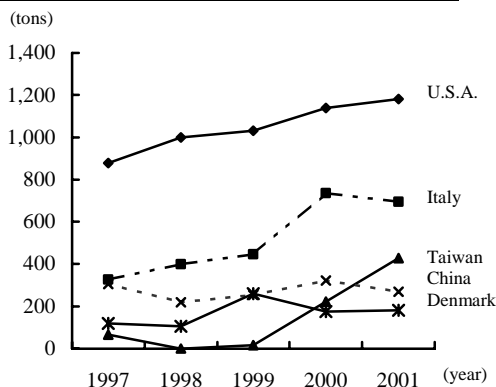
Units :tons, ¥ million

Source: Japan Exports and Imports

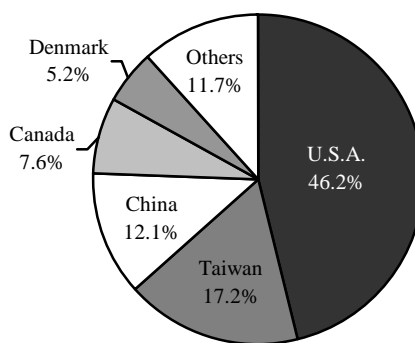
Leading exporters of ham and bacon to Japan were the United States (37.7%), followed by Italy (22.2%), Taiwan (13.7%) and China (8.6%) in 2001. Imports of ham and bacon from Taiwan roughly doubled compared to a year earlier, while Italy proved unable to sustain its previous year growth, as its exports slipped from 737 tons to 695 tons. Of this total, 609 tons consisted of fresh ham (*prosciutto*). The leading exporters of corned beef to Japan are Brazil (57.7%) and China (18.7%), and exports finished down for the year from each nation.

**Fig. 4 Principal exporters of ham and bacon to Japan**

**Trends in import volume by leading exporters**



**Shares of ham and bacon imports in 2001 (value basis)**



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value		
U.S.A.	878	999	1,031	1,139	1,118	1,180	37.7%	1,327	34.6%
Italy	326	399	446	737	1,052	695	22.2%	1,156	30.1%
Taiwan	66	1	17	222	203	429	13.7%	419	10.9%
China	305	219	254	322	315	269	8.6%	297	7.7%
Denmark	120	106	260	175	164	182	5.8%	173	4.5%
Others	247	455	420	511	577	376	12.0%	467	12.2%
<b>TOTAL</b>	<b>1,942</b>	<b>2,177</b>	<b>2,428</b>	<b>3,105</b>	<b>3,430</b>	<b>3,131</b>	<b>100.0%</b>	<b>3,841</b>	<b>100.0%</b>
(E U)	539	686	832	1,113	1,484	965	30.8%	1,474	38.4%

Units: tons, ¥ million

Source: Japan Exports and Imports

### (3) Imports' Market Share in Japan

Domestic production of processed meat has continuously declined from 1996 onward. While imports have risen steady, their share of the domestic market is still very small, i.e., only 1% or so for ham and around 5% for sausages.

**Fig. 5 Domestic production of processed meat**

	1996	1997	1998	1999	2000
Hams	125,646	121,539	123,607	124,371	124,222
Pressed hams	7,337	7,617	7,218	7,722	6,716
Chopped hams	24,938	23,006	21,697	20,604	19,068
Bacon	78,313	78,305	78,074	76,518	77,768
Sausages	307,131	299,694	297,328	292,841	292,605
Mixed products, etc.	892	834	-	88	24
<b>TOTAL</b>	<b>544,258</b>	<b>530,995</b>	<b>527,924</b>	<b>522,144</b>	<b>520,403</b>
Yearly change	98.3%	97.6%	99.4%	91.1%	99.7%

Units :tons

Source: Japan Meat Processors Association

### 3. Key Considerations related to Importing

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

The Domestic Animal Infections Diseases Control Law and the Food Sanitation Law apply to the importation of processed meat products.

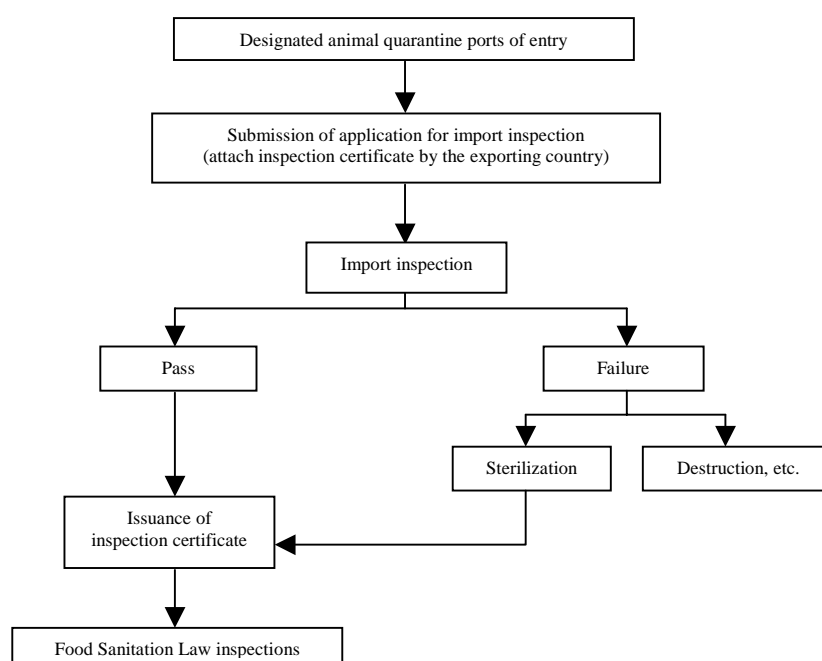
##### 1) Domestic Animal Infectious Diseases Control Law

Processed meat products of hoofed animals (cattle, pig, etc.) are subject to inspections mandated by the Domestic Animal Infectious Diseases Control Law. An “Inspection Certificate” issued by the competent government agency of the exporting country to the Animal Quarantine Service of Japan must accompany imports of ham, bacon, sausage and corned beef.

The importer must submit an application for import quarantine inspection along with an inspection certificates issued by the competent government agency of the exporting country to Animal Quarantine Service at the port of entry. Note that animal inspections can only be performed at ports of entry with facilities to carry out required processes. If the meat product passes inspection, an import quarantine certificate is issued. If the meat product fails inspection, an order will be issued to destruct, bury, or return to the shipper, depending on the product and the nature of the violation.

In order to prevent the spread of infectious disease such as BSE, hoof-and-mouth disease, and cattle plague the Law designates the import-prohibited goods and areas based on information on animal epidemiological situation from around the world. For import-prohibited areas and import-prohibited items, refer to Fig. 8. Note that the import-prohibited areas are frequently changed, so check with the appropriate Animal Quarantine Station.

**Fig. 6 Procedures under the Domestic Animal Infectious Diseases Control Law**



2001 was marked by a succession of virulent animal disease outbreaks around the world. As of March 2002, imports of meat and processed meat products were halted from the areas listed below.

*Note: Areas currently infected with virulent animal diseases, as of March 2002 (subject to import bans)*

- 1) BSE (beef and processed beef): EU nations (Jan. 2001-)
- 2) Hoof-and-mouth disease (beef, pork, and processed thereof): United Kingdom, Ireland, France, the Netherlands, Hong Kong (March 2001-)
- 3) Hog cholera (pork and processed pork): Germany and Spain (June 2001-)
- 4) Poultry pest (chicken and other poultry meat): Hong Kong, Macao (May -), USA (November-)

*The ban was lifted on imports of chicken, turkey and poultry eggs from China in August, but the ban on quail remains in force.*

*Since November 12, 2001, the USA has been subject to a ban on imports of killed poultry, with on-site inspections required. As long as no further safety problem emerges, it is expected that imports will be resumed in the near future.*

**Fig. 7 Import-prohibited areas under the Domestic Animal Infectious Disease Control Law**

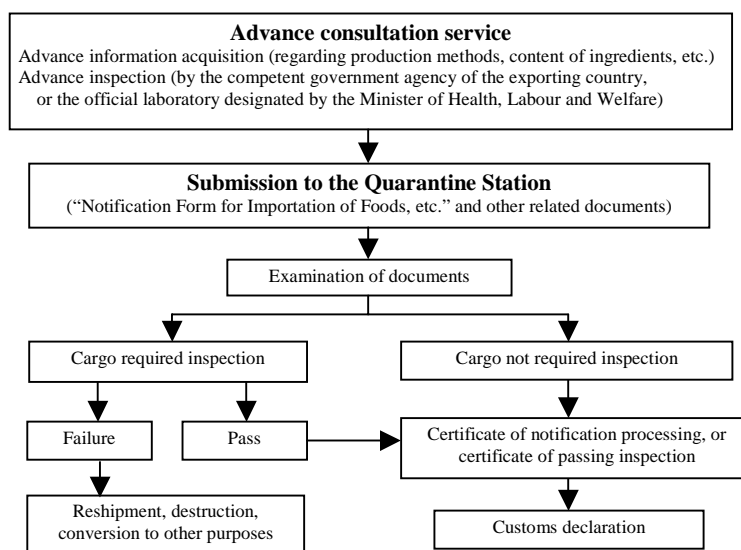
*As of March 2002*

Areas	Processed meat products of cloven-hoofed animals such as cattle, pigs, sheep, etc. (ham, sausage, bacon)	Meat, viscera and processed meat products of horse, chickens, ducks, turkeys, quail, geese, rabbit, dog, etc.
Finland, Sweden, Germany, Denmark, Italy (except Salgenia island), Belgium, Austria, Spain, Norway, Hungary, Iceland, Canada, U.S.A (including Hawaii, Guam), Mexico, Belize, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, The Dominican Republic, Chile, Northern Mariana, New Zealand, Vanuats, New Caledonia, and Australia (28 areas)	Import permissible with the inspection certificate issued by government agency of exporting country	Import permissible with the inspection certificate issued by government agency of exporting country
Singapore, Poland, Romania, Slovenia, Croatia, Bosnia Herzegovina, Switzerland (7 areas)	Import not permissible except: Those products heat-processed under the standards set forth by the Minister of Agriculture, Forestry and Fisheries. (Heat-processing facilities designated by appropriate government agency of the exporting country are acceptable.)	
Areas other than those mentioned above	Import not permissible except: Those products heat-processed under the standards set forth by the Minister of Agriculture, Forestry and Fisheries. (Heat-processing facilities directly designated by the Japanese Minister are only acceptable.)	

**2) Food Sanitation Law**

Under provisions of the Food Sanitation Law, an import notification is required for processed meat products 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**



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.

The Food Automated Import Inspection and Notification System (FAINS) provides computer-based import notifications. To make use of this system, importers must install FAINS software on a Windows-capable computer system, notify the Minister of Health, Labour and Welfare, and verify their passwords. The contents of inspection certificate from the government agency of the exporting country can be transmitted to the FAINS.

The Food Sanitation Law specifies a general standard of composition for all meat products of no more than 0.070 gram per kilogram of nitrous acid ions. In addition, the following specifications and standards apply to particular product categories. If the product is in compliance, it will be allowed into Japan.

**Fig. 9 Classification and specifications and standards of processed meat**

Classification	Definition	Specification and standards
<b>Dried meat products</b> (example: beef jerky, salami sausage)	Meat products that have been dried.	At smoking or drying time, the water activities must be reduced to less than 0.87 while maintaining the meat products at the standard temperature.
<b>Non-heat-treated meat products</b> (example: country ham, sausage)	Meat products of which meat is smoked or dried after having been salted, but not subject to heat sterilization by heating the center portion at 63 degrees Celsius for 30 minutes or by an equivalent or more effective method.	Separate specifications have been defined for composition ( <i>E. coil</i> , <i>Staphylococcus aureus</i> , <i>Salmonella ssp.</i> ), raw material meat storage methods, pH, salt pickling methods, water activation, and smoking or drying methods.
<b>Specified heat-treated meat products</b> (example: roast beef)	Meat products subjected to heat sterilization using a method other than heating the center portion to 63 degrees Celsius for 30 minutes or by an equivalent or more effective method.	Separate specifications have been defined for composition ( <i>E. coil</i> , <i>Staphylococcus aureus</i> , <i>Clostridium ssp.</i> , <i>Salmonella ssp.</i> ), raw material meat preservation temperature, pH, salt pickling methods, heat sterilization methods and temperature water activation.
<b>Heat-treated meat products</b> (example: boneless ham, pressed ham, bacon )	Meat products subjected to heat sterilization by heating the center portion to 63 degrees Celsius for 30 minutes or by an equivalent or more effective method.	Specifications of composition differ for boneless ham, which is heat-sterilized after packed in container-packages, and for bacon, which is packed in container-packages after being heat-sterilized. In addition, manufacturing standards have been defined for raw material meat, water used, heat sterilization methods and temperature, and usage methods for flavorings.

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

The sale of processed meat products is subject to the Food Sanitation Law, the JAS Law, the Measurement Law, the Nutrition Improvement Law, the Act Against Unjustifiable Premiums and Misleading Representations, the Containers and Packaging Recycling Law, and the Law for Promotion of Effective Utilization of Resources.

**1) Food Sanitation Law**

The Food Sanitation Law prohibits the sale of foods containing toxic or harmful substances and foods that are unsafe for human health. When selling processed meat sealed in wrapping or containers, it must be labeled in accordance with provisions of the Food Sanitation Law. In addition, as of April 2001, the Food Sanitation Law mandates or recommends raw material labeling for food products that contain allergens. (see 4. Labeling)

**2) JAS Law**

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

The JAS Law establishes quality labeling standard for all food and beverage products sold to ordinary consumers. Processed meat products are subject to labeling requirements under provisions of the Processed Food Product Quality Labeling Standards. Further, the quality labeling standards on pressed ham, mixed sausages, and bacon define individual labeling items according to the product characteristics. (see 4. Labeling)

**3) Measurement Law**

Processed meat sealed in wrapping or containers is required the labeling of the net content to certain accuracy (range of error specified by Cabinet Ordinance).

**4) Nutrition Improvement Law**

When employing labeling for nutritional ingredients or calories, labeling must be in accordance with the requirements under the Nutrition Improvement Law. (see 4. Labeling)

**5) Fair Competition Code under the Act Against Unjustifiable Premiums and Misleading Representations**

<Fair Competition Code Concerning Representations of Hams and Sausages>

The industry has voluntarily adopted labeling guideline in order to assure consumer product choice availability and preserve fair competition, based on the Act Against Unjustifiable Premiums and Misleading Representations. (see 4. Labeling)

**6) 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, processed meat 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.

**7) 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. (see 4. Labeling)

**(3) Competent Agencies**

- Processed meat in general  
Meat and Egg Division, Livestock Industry Department, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries  
TEL: 03-3502-8111 <http://www.maff.go.jp>
- Importing processed meat in general  
Trade Control Policy Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry  
Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry  
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Domestic Animal Infectious Diseases Control Law  
Animal Health Division, Livestock Industry Department, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries  
TEL: 03-3502-8111 <http://www.maff.go.jp>  
Planning and Coordination Division, Department of the Planning and Coordination, Animal Quarantine Service, Ministry of Agriculture, Forestry and Fisheries  
TEL: 045-751-5921 <http://www.maff.qas.go.jp>  
Animal-Products Inspection Division, Department of the Quarantine, Animal Quarantine Service, Ministry of Agriculture, Forestry and Fisheries  
TEL: 045-201-9478 <http://www.maff.qas.go.jp>
- 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>
- 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>
- Nutrition Improvement Law  
Department of Food Sanitation, Pharmaceutical and Medical Safety Bureau, Ministry of Health, Labour and Welfare  
TEL: 03-5253-1111 <http://www.mhlw.go.jp>

- Act Against Unjustifiable Premiums and Misleading Representations (Fair Competition Code)  
Consumer Related Trade Division, Trade Practices Department, Fair Trade Commission of Japan  
TEL: 03-3581-5471 <http://www.jftc.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

When selling processed meat sealed in wrapping or containers, following items must be listed all together on the label, under provisions of the Food Sanitation Law, the JAS Law, and the Measurement Law.

<Labeling items to be listed all together>

- 1) Product name (must indicate when dried, no-heat-treated, specified heat-treated, or heat-treated meat product)
- 2) List of ingredients (in order by percentage for each ingredient of total contents. All additives must also be listed)
- 3) Food additives
- 4) Net content
- 5) Use-by date, or date of minimum durability or best-before date
- 6) Preservation method
- 7) Country of origin
- 8) Importer's name and address

<Labeling of Food Products Containing Allergens>

The Food Sanitation Law mandates or recommends raw material labeling for 24 food products that contain allergens. Processed food products containing the foods listed in the following table, and processed foods containing additives derived from these foods are either required or advised to bear labeling to the effect that they contain allergenic foods. This provision was adopted as of April 2001, and from April 1, 2002 onward, it will apply to all manufactured, processed and imported processed food products and food additives.

Labeling mandatory (5 products)	Wheat, buckwheat, eggs, milk, peanuts
Labeling recommended (19 products)	Abalone, squid, salmon roe, shrimp, crabs, salmon, mackerel, oranges, kiwi fruit, peaches, white potatoes, apples, walnuts, soybeans, gelatin, beef, pork, chicken, <i>matsutake</i> mushroom

<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

#### <JAS Mark>

Under the JAS Law, ham, sausage and bacon are subject to JAS standards. Products that undergo inspection and are certified compliant with JAS standards are allowed to display the JAS mark on the product. However, application for grading is voluntary, and products do not have to display the JAS mark in order to be sold.

Under the previous JAS Law, manufacturers had to undergo inspection by a registered grading organization. But under the amended JAS Law, both domestic and overseas manufacturers, production process supervisors (producers and vendors), sorters, and importers in Japan may be authorized to self-qualify with the approval of a registered certification organization.

JAS Mark



#### <Specific JAS Mark>

Aged ham, sausage and bacon are subject to Specific JAS standards. Those in compliance with the standards may voluntarily display Specific JAS Mark. General JAS standards are intended to assure a certain general level of product quality. On the other hand, Specific JAS standards apply to particular production methods and distinctive raw materials.

Specific JAS Mark



#### Contact:

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

### 2) Labeling under the Nutrition Improvement Law

When employing labeling for nutritional ingredients or calories in Japanese, either on the packaging or in accompanying documentation, labeling must be in accordance with the requirements under the Nutrition Improvement Law. Many domestic makers usually label these items on their products.

*<Example> Labeling must contain the quantities of calories, proteins, fats, carbohydrates, sodium, and other nutritional ingredients present, in descending order by content volume.*

### (3) Voluntary Industry Labeling

#### <Fair Competition Code Concerning Representations of Hams and Sausages>

The Hams and Sausages Fair Trade Council sets recommendations for labeling under its “Fair Competition Code Concerning Representations of Hams and Sausages” established under the Act against Unjustifiable Premiums and Misleading Representations. Only members, however, are obliged to label their products based on these rules.

#### Contacts:

• Hams and Sausages Fair Trade Council TEL: 03-3444-1211

## 5. Taxes

### (1) Customs Duties

Tariff rates on processed meats are shown on Fig. 10 on the following page. Differential Tariff System is applied for ham, sausage, bacon and prepared 100% pork products as those on pork to protect domestic producers. Within this system, at the end of March each year, under the Law for Stabilization of Livestock Products it is decided on standard import prices for the next fiscal year based on domestic market trends and decides on tariff rates. Tariff rates on processed meat products began to be lowered from April 1, 1995 under the Uruguay Round agreements (except for beef jerky and some other products).

### (2) Consumption Tax

(CIF + Customs duty) x 5%

Fig. 10 Customs duties on processed meat

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0210.11~19	Hams, shoulders and cuts thereof, with bone in:	(10%)	(¥1,035 /kg)		Differential
-20	* Each kilogram, in value for customs duty, not more than the gate prices for the specific duty applied on processed meat of swine		(8.5%)		(Note 3) 8.5%
1601.00.000	Sausage and related products, and prepared food items based on these products	10%	(10%)		
1602.41~49	Bacon, ham and pressed and formed ham	(10%)	(¥1,035 /kg)		Differential
.41,.42-019	* Each kilogram, in value for customs duty, not more than the gate prices for the specific duty applied on processed meat of swine		(8.5%)		(Note 3) 8.5%
.49-220					
.41,.42-090	Other products of meat	25%	20%		
.49-290					
1602.50-600	Corned beef	25%	21.3%		

Note 1: \* depends on value for customs duty.

Note 2: Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

Note 3: Differential tariff system

Customs duties on ham, bacon and prepared 100% pork products are the same as those on pork: they vary based on value for customs duty. Products equal to or less than a specified price are subject to a duty of the difference between the standard import price of a skinned carcass multiplied by 1.5 and the value for customs duty multiplied of 0.6. Products equal to or more than the specified price are subject to a duty of 8.5%.

## 6. Product Characteristics

### (1) Comparison with Japanese Products

Japan has a lengthy tradition of making processed fish products, so Japan has adapted pre-existing food processing techniques to ham, sausage and other products from European culinary cultures. At first glance Japanese processed meats appear no different from their imported counterparts, but there are fundamental differences between European long-term preservation techniques and traditional Japanese techniques. Specifically, Japanese products tend to have higher water content but less salt than imports, which means that they do not keep as well in storage. Recently some Japanese manufacturers have been adopting more European-style processing methods, but products based on these methods are not yet widely popular. Imported processed meats have a reputation for being spicy and smoky-flavored.

### (2) Characteristics of Products from Different Countries / Regions

#### 1) United States

The United States produces an abundant variety of processed meat products, including ham, sausage, and roast traditions of the mother country. Roast beef, pastrami and other processed beef products are comparatively inexpensive and are well attuned to Japanese culinary preferences. The United States also is the home of beef jerky, and it makes a wide range of other meat products produced according to traditional methods.

#### 2) Germany

Germany is the original home has processed meats, and it produces a variety of ham and sausage products.

#### 3) Denmark

Denmark, along with Germany, is one of the original processed meat culinary cultures, and it produces excellent quality ham and sausage products. Denmark exports large amounts of canned ham, sausage, bacon and luncheon meats to the United States and elsewhere.

#### 4) Italy

Italy is known for its unique Italian-style sausages and fresh ham products, especially the fresh ham (*prosciutto*), which is well known for its lengthy curing time. Now that the import ban on fresh ham has been lifted, fresh ham is becoming more common not only at restaurants but on the dining tables of Japanese homes as well.

5) Spain

Spain is the world's largest fresh ham producer, with total production of about 30 million units annually. *Jamon Serrano* ham is a long-cured variety that has an even better feel than Italian *prosciutto*, and with a lower sodium content as well. Still, *Jamon Serrano* remains quite rare in Japan, despite the late 1999 lifting of the import ban.

6) Other European Countries

Poland, Switzerland and Hungary also feature distinctive processed meat products, but those products are not widely known in Japan.

7) Brazil and Argentina

Both countries are major beef producers, and their canned corned beef products are quite well known. Brazilian and Argentinean canned corned beef is exported to the United States and many other countries around the world, and their corned beef is inexpensively priced compared to Japanese products.

8) Taiwan

Taiwan mainly exports sausages and other processed pork products to Japan. Exports to Japan account for a large percentage of total production, making the Taiwanese industry heavily dependent on the Japanese market.

## 7. Domestic Distribution System and Business Practices

### (1) Domestic Market Conditions

Demand for processed meat products has posted comparatively consistent growth, reflecting the increased Westernization and diversification of the Japanese diet. The mainstay of the market is sausage, especially wiener-type sausages, domestic production of which totaled 196,059 tons in 2000 (37.7% of total processed meat production). The next most common products are roast ham (87,606 tons, 16.8%) and bacon (61,503 tons, 11.9%). Despite the overall slump in consumer spending, higher priced aged wieners and aged ham are selling comparatively well. However, unit price cuts and repeated volume promotion sales have not led to comparable growth on a value basis.

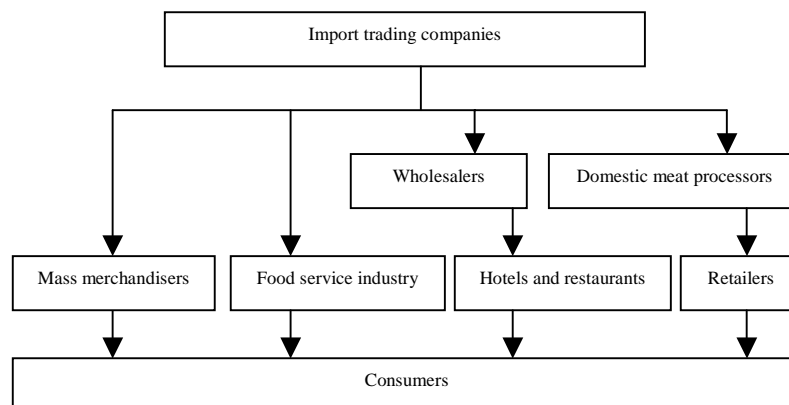
The favorite type of ham among Japanese consumers is roast ham, which accounts for about 70% of total demand. And although the volume is still small in absolute numbers, one of the fastest growing types of ham in recent years is fresh ham. The combined total of domestic products and imports rocketed from 2,308 tons in 1995 to 6,165 tons in 2000. Driven partly by the wine boom in 1998, fresh ham has become increasingly popular in Japanese households. The lifting of the ban on imports from Italy and Spain helped increase demand as well. The size of the fresh ham market was estimated at more than ¥10.0 billion in 2000. Although imported fresh ham lost some of its momentum in 2001, and the market focused on domestic products, it remains a product with future growth prospects within the overall fresh ham market.

The domestic market for processed meat products has been affected also by external factors holding back its growth, including import restrictions due to hoof-and-mouth disease and to the O-157 contamination incident in Japan. The impact was only slight from restrictions on imports from EU during the spring of 2001. However, the confirmation of BSE in Japan and the controversy over false labeling created new and vexatious problems for the processed meat industry as a whole in Japan, and there is concern over possible ongoing impact from these factors.

### (2) Distribution Channels

Ham, sausage and other processed meat products are typically distributed direct from the manufacturer rather than through wholesalers. This is partly out of a desire to shorten the time refrigerated meat products spend in transit. Products that do not require refrigeration are also distributed through food wholesaler channels.

**Fig. 11 Imported processed meat product distribution channels**



### (3) Key Considerations for entering the Japanese Market

Processed meat is subject to a number of complex regulations depending on whether the meat is or is not heat-processed and where it was produced. Ham and bacon are subject to differential tariff system.

### 8. After-Sales Service

Responsibility for dealing with product defects falls to either the distributor or the retailer, depending on which is deemed to be at fault for the defect.

### 9. Related Product Categories

- 1) Import procedures are similar for all processed meat products, including those not specifically addressed in this report. However, prospective importers should check with proper authorities to determine whether the food item or the place of origin is subject to import prohibitions under the Domestic Animal Infectious Diseases Control Law.
- 2) At the present time there are virtually no imports of artificial meats made from soybeans or other materials.
- 3) Products such as fish sausages and shrimp shao-mai are classified as fishery products, and are subject to separate regulatory and procedural treatment.

### 10. Direct Imports by Individuals

Imports for personal consumption, up to 10 kilograms, are exempt from provisions of the Food Sanitation Law. However, such imports remain subject to provisions of the Domestic Animal Infectious Diseases Control Law. The individual importer must present the Animal Quarantine Service with an “Inspection Certificate” issued by the government agency of exporting country. Veterinary quarantine officials must inspect the meat products, and permission must be granted in order to bring them into Japan.

### 11. Related Organizations

- |   |                   |   |
|---|-------------------|---|
| • Japan Meat Processors Association       | TEL: 03-3444-1772 |   |
| • Japan Cannery Association               | TEL: 03-3213-4751 | <a href="http://www.jca-can.or.jp">http://www.jca-can.or.jp</a> |
| • Nihon Hamburg and Hamburger Association | TEL: 03-3245-0228 |   |
| • Japan Meat Traders Association          | TEL: 03-3588-1665 |   |