

Japanese Market Information on Specified Products



Fresh and Frozen Meat

1. The Japanese Market

Since the liberalization of beef imports in 1991, the Japanese market has grown and changed in many ways.

The supply of inexpensive imports has introduced more competition, resulting in a decline in meat prices, including those for domestic produce. Changes have affected the production stage, with smaller, less competitive farms shutting down and select livestock operations increasing. There has also been a rise in inter-regional competition and the establishment of regional brands.

Mergers between processing companies and vendors, consolidation within groups, and improvements in facilities have led to the reorganization and streamlining of the distribution process.

Leaving aside the effects of consumer panics over Mad Cow Disease and other factors, beef demand has risen steadily, buoyed by a more sophisticated and diversified diet. There has also been change in the consumption structure. The percentage accounted for by home consumption has declined and commercial consumption has increased for beef. Pork consumption has remained stable. Home poultry consumption has been declining while restaurant and other commercial poultry demand has also been affected by the economic recession. Reflecting the changes in consumer tastes, the demand for mutton used for pressed ham and other processed meat products has leveled off.

When importing meat into Japan, full care must be taken with regard to regulations affecting it. The Domestic Animal Infectious Disease Control Law restricts regions from which meat may be imported. Imported meat must also clear provisions of the Food Sanitation Law.

Regulations such as differential tariffs have an impact on price. There is also a need to secure or establish a system that allows distribution of fresh food.

2. Imports

(1) Recent Developments

Beef and chicken imports increased, pushing total meat imports to 1,704,759 tons in 1998, a 0.7% increase over the previous year. Beef imports rose 2.9% to 666,369 tons, pork imports fell 1.4% to 504,835 tons, chicken imports went up 0.3% to 498,505 tons, and mutton and lamb imports declined 5.6% to 35,050 tons.

As a percentage of imports, beef and pork account for over a 30% share, chicken around 30%, and mutton around 3%. Meat imports are affected by domestic demand (for both processing and commercial/home use), domestic production, relationship between the price of imports and domestic products, and strength of the yen.

<Beef>

Imports are rising steadily in volume. Reasons include the increase in the import quota in the late 1980s, liberalization of imports in April 1991 and the subsequent stepwise reduction of tariff rates, and the strong yen, all of which encouraged the food service industry to make use of inexpensive imported beef. Increases in imports have been particularly large after 1992. The percentage accounted for by fresh and chilled beef has been rising every year.

<Pork>

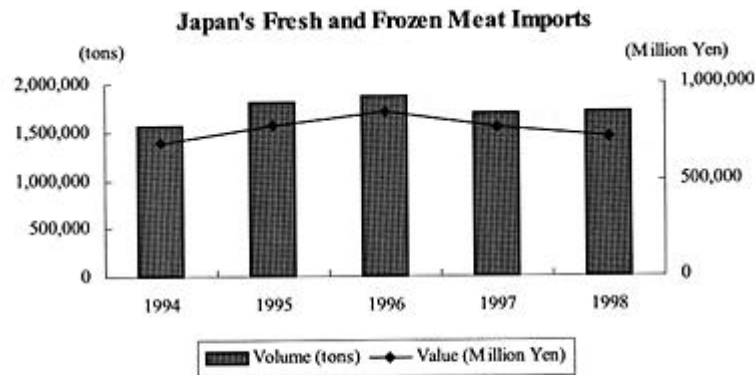
Pork imports, growing until 1992, dipped slightly in 1993 and resumed its increase until 1996. The price per unit weight of pork has been decreasing each year. Three-fourths of imported pork are frozen and the remaining one-fourth are chilled, and almost all are imported as shoulder cuts, offal, and other parts. About 50% of imported pork are destined for further food processing. The reasons for the use of imported pork for processing include cheaper price, shortage of domestic shoulder and tenderloin cuts, and ease of use of these parts in processing. The increase in fresh and chilled pork imports in recent years comes from improvements in temperature control and other shipping procedures.

<Chicken>

Chicken imports increased through 1992, but dipped somewhat in 1993 before resuming its climb. The price per unit weight of chicken has been decreasing each year. Chicken is imported mainly as bone-in thighs, whole chickens, or other parts.

<Mutton and Lamb>

Mutton imports hovered around 65,000 tons through to 1992 but dropped to nearly 55,000 tons in 1993 and have declined to about the 40,000-50,000 ton level in recent years. Imported mutton is used mostly for making mixed sausages and pressed ham. Lamb is mostly consumed as table meat.



	1994		1995		1996		1997		1998	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Beef	580,515	288,464	641,509	300,738	622,945	291,894	647,312	315,969	666,369	305,699
Fresh or Chilled	336,657	196,477	364,295	210,218	320,860	192,315	331,317	210,517	316,934	196,680
Frozen	243,858	91,987	277,215	90,520	302,085	99,579	315,996	105,452	349,434	109,019
Pork	493,553	298,541	580,538	349,398	653,155	416,208	511,824	325,611	504,835	286,577
Fresh or Chilled	134,754	82,868	167,468	102,671	168,870	117,033	128,898	91,983	144,548	87,120
Frozen	358,800	215,673	413,071	246,727	484,285	299,176	382,926	233,628	360,287	199,457
Chicken	444,008	96,346	535,800	116,971	547,981	133,857	496,895	116,933	498,505	118,746
Fresh or Chilled	1,926	536	5,168	1,391	12,942	3,726	16,081	4,271	14,044	3,908
Frozen	442,082	95,810	530,632	115,580	535,039	130,130	480,813	112,662	484,461	114,838
Mutton & lamb	46,929	11,122	47,735	11,785	41,062	12,878	37,132	12,888	35,050	11,352
Fresh or Chilled	1,434	1,289	1,730	1,425	1,820	1,704	1,938	1,903	2,025	1,888
Frozen	45,496	9,833	46,005	10,360	39,242	11,174	35,194	10,985	33,025	9,464
Total	1,565,006	694,473	1,805,582	778,892	1,865,144	854,838	1,693,164	771,400	1,704,759	722,373

Unit: tons, Million Yen

Source: Japan Exports and Imports

(2) Countries of Origin

<Beef>

Imports from the United States, Japan's largest supplier of beef, began to rise in the late 1980s. American beef, which accounted for about 30% of all imports in 1988, reached 58% in 1998. At present, American and Australian beef account for nearly 95% of the market. Fresh and chilled beef imports are more numerous from Australia whereas frozen beef imports are more numerous from the United States.

<Pork>

In recent years, the United States, Australia, and Denmark have each provided about 20-30% of pork imports.

<Chicken>

China, which in 1991 supplied less than 10% of imported chicken, is the number one exporter to Japan, followed by Thailand. China today provides about 40% of chicken imported to Japan. Imports coming from the United States contain a high percentage of leg. This occurs because whereas Japanese consumers tend to prefer leg to breast meat, the opposite is true of American consumers, making Japan a perfect export market for the United States.

<Mutton and Lamb>

Number one Australia and number two New Zealand account for nearly 100% of Japanese imports. The amount of imports is low.

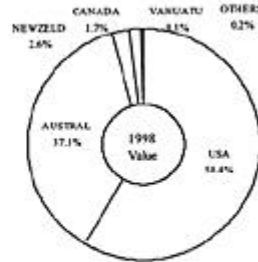
Principal Exporters of Fresh and Frozen Meat to Japan

<Beef>

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
USA	152,263	172,527	177,323	185,659	178,548	320,171
AUSTRAL	126,558	115,970	102,362	116,343	113,332	311,734
NEWZELD	7,984	9,014	8,751	9,039	7,814	19,046
CANADA	1,298	2,591	2,851	4,186	5,294	13,654
VANUATU	252	249	223	233	196	680
OTHERS	109	387	383	509	514	1,085
TOTAL	288,464	300,738	291,894	315,969	305,699	666,369

Unit: Million Yen, tons

Source: Japan Exports and Imports



<Pork>

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
USA	44,831	66,526	93,999	94,412	95,376	160,214
DENMARK	79,860	78,727	68,595	85,630	68,649	124,732
S KOREA	6,821	8,450	22,805	29,508	49,894	90,182
CANADA	17,781	18,735	24,420	34,612	34,753	61,759
MEXICO	2,614	4,148	8,411	15,240	17,266	30,604
OTHERS	146,633	172,812	197,978	66,209	20,639	37,344
TOTAL	298,541	349,398	416,208	325,611	286,577	504,835

Unit: Million Yen, tons

Source: Japan Exports and Imports



<Chicken>

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
CHINA	29,059	44,354	52,270	50,497	49,463	201,801
THAILND	31,002	29,985	28,601	24,882	31,810	119,862
USA	19,802	19,772	24,435	17,668	18,942	102,272
BRAZIL	15,558	22,109	27,901	23,077	17,622	70,249
INDNSIA	0	0	0	0	359	1,699
OTHERS	926	751	650	809	549	2,624
TOTAL	96,347	116,971	133,857	116,933	118,746	498,505

Unit: Million Yen, tons

Source: Japan Exports and Imports



(3) Share Accounted for by Imports

<Beef>

The share of imported beef exceeded the 60% mark in 1995 and is still growing. The reasons for this increase include added demand coming from low prices caused by import liberalization and the stronger yen as well as the efforts by the relevant domestic companies (trading firms, food processors, distributors, and food service companies) to produce beef overseas and create products that better meet Japanese tastes.

<Pork>

Domestic pork production has declined as the number of pig farms has declined. Because domestic demand has not changed, imports have increased to make up for the difference.

<Chicken>

Because domestic poultry production has been falling (caused by a decline in the number of poultry farms), the share accounted for by imports has remained steady despite the decline in poultry demand among the food service industry and the food processing industry.

<Mutton and Lamb>

Japan imports nearly 100% of its mutton.

Import's Share in the Japanese Market

		Beef	Pork	Chicken	Mutton & Lamb
1995	Products	600,905	1,322,065	1,256,433	208
	Exports	69	85	2,797	-
	Imports	927,647	828,776	549,252	84,401
	Share of Imports	60.7%	38.5%	30.5%	99.8%
1996	Products	554,510	1,266,445	1,248,999	183
	Exports	96	69	2,991	-
	Imports	898,897	932,676	559,208	71,920
	Share of Imports	61.9%	42.4%	31.0%	99.7%
1997	Products	530,300	1,283,316	1,253,800	164
	Exports	73	70	2,500	-
	Imports	918,620	842,800	560,000	80,000
	Share of Imports	63.4%	39.6%	30.9%	99.8%

Unit: tons

Source: Ministry of Agriculture, Forestry and Fishers of Japan

Note: Converted in Sides meat amount

3. Laws and Regulations

(1) Domestic Animal Infectious Diseases Control Law

Meat requires inspection under law when imported. The law is designed to prevent infectious livestock diseases from being brought into the country. When importing meat, it is necessary to attach an export inspection certificate issued by a government agency of the exporting country that corresponds to the Animal Quarantine Service Office of Japan.

Japan also prohibits the imports of cattle, swine, sheep, and other cloven hoofed animal meat from certain regions in view of their state of livestock health to prevent the entry of dangerous acute infectious animal diseases such as African swine cholera, hoof and mouth disease, and rinderpest.

Regions From Which Meat Imports Are Banned or Restricted Under The Domestic Animal Infectious Disease Control Law as of April 1998

Country/area	Even-toed ungulates (cattle, swine, sheep and others)			
	Live animals	Unfertilized eggs, Semen, Fertilized eggs	Sausage/Ham/Bacon	Meat/offal
S. Korea, Finland, Sweden, Norway, Germany, Denmark, the Netherlands, Belgium, France, Austria, Northern Ireland, Ireland, Iceland, Madagascar, Canada, the United States (include Hawaii, Guam), Mexico, Belize, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Dominican Republic, Chile, Uruguay, Northern Marianas (include Saipan), New Zealand, Republic of Vanuatu, New Caledonia, Australia (32 countries/areas)	A	A	A	A
Singapore, Poland, Hungary, Romania, Slovenia, Croatia, Bosnia Herzegovina, Switzerland, United Kingdom (limited to Great Britain) (9 countries/areas)	A	A	A	B
People's Republic of China (without Hong Kong) (1 country/areas)	A	A	B	B
Other countries / areas than the above	C	C	D	D

A: Import allowed with inspection certificate from government organization of exporting country. (There are however sometimes additional conditions for import depending on the product.)

B: Import allowed when subjected to certain heat treatment at processing facility designated by Minister of Agriculture, Forestry, and Fisheries or processing facility designated by government organization of exporting country and with attachment of inspection certificate of government organization of exporting country.

C: Import prohibited. (Import allowed, however, with permission of Minister of Agriculture, Forestry, and Fisheries for testing and research and other special circumstances.)

D: Import allowed when subjected to certain heat treatment at processing facility designated by Minister of Agriculture, Forestry, and Fisheries and with attachment of inspection certificate of government organization of exporting country.

(2) Food Sanitation Law

This law requires the attachment of a health certificate issued by the exporting country when importing meat. The law also sets provisions for labeling of packaged meat. Any party wishing to sell meat must under this law also apply for and obtain a business license. (License is unnecessary if imported meat is sold as is, without cutting or further processing.)

(3) Measurement Law

This law defines the range of acceptable error for product weights at the time of sale.

In addition, local governments sometimes establish their own labeling requirements. Please inquire the relevant government office for more information.

4. Taxes

(1) Customs Duties

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0201	Meat of bovine animals, fresh or chilled				
10-000	1. Carcasses and half-carcasses	(50%)	(50%)		42.3%
0201.20	2. Other cuts with bone in	(50%)	(50%)		42.3%
-010	(1) Quarter				
-090	(2) Other				
0201.30	3. Boneless	(50%)	(50%)		42.3%
-010	(1) Loin				
-020	(2) Chuck, Clod and Round				
-030	(3) Brisket and plate				
-090	(4) Other				
0202	Meat of bovine animals, frozen				
10-000	1. Carcasses and half-carcasses	(50%)	(50%)		42.3%
20-000	2. Other cuts with bone in	(50%)	(50%)		42.3%
0202.30	3. Boneless	(50%)	(50%)		42.3%
-010	(1) Loin				
-020	(2) Chuck, Clod and Round				
-030	(3) Brisket and plate				
-090	(4) Other				
0203	Meat of swine, fresh, chilled or frozen				
0203.11	1. Fresh or chilled				
-020	(1) Carcasses and half-carcasses Each kilogram, in value for customs duty, not more than the upper limit prices for the specific duty applied on pig carcass, where the upper limit prices shall be obtained by subtracting Prices B from Prices A, the same definition shall be applied in this heading. Prices A: standard import prices for pig carcass specified by the sub-paragraph 1 or paragraph 2 of the Annex 1-3-2 to the Temporary Customs Tariff Measures Law corresponding to the provided by the Annex, the same definition shall be applied in this heading. Prices B: the prices specified by *(1) in this sub-heading each corresponding to the period of importation provided by the Annex 1-3 to the Law.		(¥382.33 /kg)		(¥382.33 /kg)
-030	Each kilogram, in value for customs duty, not more than the upper limit prices for the specific duty applied on pig carcass, but not more than the gate prices of pig carcasses, where the gate prices shall be obtained by dividing Prices A by rates B plus 1, the same definition shall be applied in this heading. Prices A: mentioned in *(1) Rates B: the rates specified by *(3) in this sub-heading according to the each divisions of each import terms provided in the Annex 1-3-2.		(¥382.33 /kg)		Per each kilogram, the difference between the standard import price of pig carcass and the value for customs duty 4.5%
-040	Each kilogram, more than the gate price of pig carcass, in value for customs duty.		(4.5%)		
0203.12	(2) Hams, shoulders and cuts thereof, with bone in				
-021	Each kilogram, in value for customs duty, not more than the upper limit prices for the specific duty applied on partial pig, where the upper limit prices shall be obtained by subtracting Prices B from Prices A, the same definition shall be applied in this heading and in heading 02.06. Prices A: standard import prices for partial pig specified by the sub-paragraph 1 of paragraph 3 of the Annex 1-3-2 to the Temporary Customs Tariff Measures Law corresponding to the period of importation provided by the Annex, the same definition shall be applied in this heading and in heading 02.06. Price B: the prices specified by *(1) in this sub-heading each corresponding to the period of importation provided by the Annex 1-3 to the Law.		(¥510.33 /kg)		Per each kilogram, the difference between the standard import price of pig carcass and the value for customs duty
-022	Each kilogram, more than the gate price of partial pig, in value for customs duty.		(4.5%)		4.5%
-023	Each kilogram, in value for customs duty, not more than the upper limit prices for the specific duty applied on partial pig, where the upper limit prices shall be obtained by subtracting Prices B from Prices A, the same definition shall be applied in this heading and in heading 02.06. Prices A: standard import prices for partial pig specified by the sub-paragraph 1 of paragraph 3 of the Annex 1-3-2 to the Temporary Customs Tariff Measures Law corresponding to the period of importation provided by the Annex, the same definition shall be applied in this heading and in heading 02.06.		(¥510.33 /kg)		(¥510.33 /kg)

	Prices A: standard import prices for partial pig specified by the sub-paragraph 1 of paragraph 3 of the Annex 1-3-2 to the Temporary Customs Tariff Measures Law corresponding to the period of importation provided by the Annex, the same definition shall be applied in this heading and in heading 02.06. Price B: the prices specified by *(1) in this sub-heading each corresponding to the period of importation provided by the Annex 1-3 to the Law. (3) Other				
0203.19					
-021	Each kilogram, more than the upper limit prices for the specific duty applied on partial pig, but not more than the gate price of partial pig, in value for customs duty.		(¥510.33 /kg)		Per each kilogram, the difference between the standard import price of pig carcass and the value for customs duty
-022	Each kilogram, more than the gate price of partial pig, in value for customs duty.		(4.5%)		4.5%
-023	Each kilogram, not more than the upper limit prices for the specific duty applied on partial pig, in value for customs duty.		(¥510.33 /kg)		(¥510.33 /kg)
0203.21	2. Frozen (1) Carcasses and half-carcasses				
-020	Each kilogram, not more than the upper limit prices for the specific duty applied on pig carcasses, in value for customs duty.		(¥382.33 /kg)		(¥382.33 /kg)
-030	Each kilogram, more than the upper limit prices for the specific duty applied on pig carcasses, but not more than the gate prices of pig carcass, in value for customs duty.		(¥382.33 /kg)		Per each kilogram, the difference between the standard import price of pig carcass and the value for customs duty
-040	Each kilogram, more than the gate price of pig carcass, in value for customs duty.		(4.5%)		4.5%
0203.22	(2) Hams, shoulders and cuts thereof, with bone in				
-021	Each kilogram, more than the upper limit prices for the specific duty applied on partial pig, but not more than the gate prices of partial pig, in value for customs duty.		(¥510.33 /kg)		Per each kilogram, the difference between the standard import price of partial pig and the value for customs duty
-022	Each kilogram, more than the gate price of partial pig, in value for customs duty.		(4.5%)		4.5%
-023	Each kilogram, not more than the upper limit prices for the specific duty applied on partial pig, in value for customs duty.		(¥510.33 /kg)		(¥510.33 /kg)
0203.29	(3) Other				
-021	Each kilogram, more than the upper limit prices for the specific duty applied on partial pig, but not more than the gate prices of partial pig, in value for customs duty.		(¥510.33 /kg)		Per each kilogram, the difference between the standard import price of partial pig and the value for customs duty
-022	Each kilogram, more than the gate price of partial pig, in value for customs duty.		(4.5%)		4.5%
-023	Each kilogram, not more than the upper limit prices for the specific duty applied on partial pig, in value for customs duty.		(¥510.33 /kg)		(¥510.33 /kg)
0204	Meat of sheep or goats, fresh, chilled or frozen				
10-000	1. Carcasses and half-carcasses of lamb, fresh or chilled	Free	(Free)		
21-000	2. Other meat of sheep, fresh or chilled (1) Carcasses and half-carcasses				

22-000	(2) Other cuts with bone in	Free	(Free)		
23-000	(3) Boneless	Free	(Free)		
30-000	3. Carcasses and half-carcasses of lamb, frozen	Free	(Free)		
	4. Other meat of sheep, frozen				
41-000	(1) Carcasses and half-carcasses	Free	(Free)		
42-000	(2) Other cuts with bone in	Free	(Free)		
43-000	(3) Boneless	Free	(Free)		
0207	Meat and edible offal, of the poultry of heading No. 01.05, fresh, chilled or frozen				
	1. Of fowls of the species, Gallus domesticus				
11-000	(1) Not cut in pieces, fresh or chilled	14%	12.6%		
12-000	(2) Not cut in pieces, frozen				
0207.13	(3) Cuts and offal, fresh or chilled				
-100	A Legs with bone in	20%	9%		
-200	B Other	12%	(12.6%)		
0207.14	(4) Cuts and offal, frozen				
-100	A Livers	10%	3.7%		
	B Other	12%	(12.6%)		
-210	i Legs with bone in	20%	9%		
-220	ii Other	12%	(12.6%)		

Note: For information on how to use this table, please refer to customs tariff schedules.

Note: Differential tariff system

This system is used for pork for protecting domestic producers. With this system the Livestock Industry Council of the Ministry of Agriculture, Forestry and Fisheries holds a meeting at the end of March each year, under the law for stabilization of prices of livestock products where it decides on standard import prices for the next fiscal year based on domestic market trends and decides on tariffs.

<Beef>

During the GATT Uruguay Round negotiations, Japan agreed to lower the tariff rate on beef from 50% to 38.5% in the six years from 1995 through to 2000. An emergency tariff provision, was introduced, however, allowing the government to return the tariff rate to 50% at times of emergency imports.

<Pork>

During the GATT Uruguay Round negotiations, Japan agreed to lower the standard import price of pork to 410 per kilogram by 2000 and lower the tariff rate to 4.3%. An emergency tariff provision, was introduced, however, allowing the government to return the tariff rate to 50% at times of emergency imports.

<Chicken>

During the GATT Uruguay Round negotiations, Japan agreed to lower the tariff rate down in stages to 8.5% for bone-in legs and 11.9% for other parts by 2000.

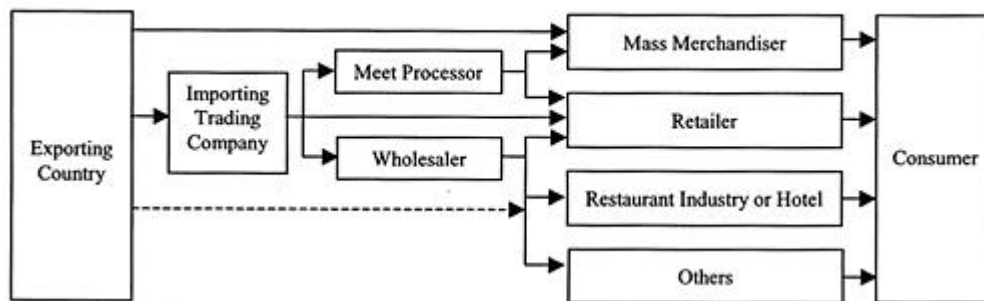
(2) Consumption Tax
(CIF + Customs Duty) x 5%

5. Distribution

<Beef>

Just under 90% of imported beef go from trading houses to meat processors and wholesalers. Some are sold by trading houses directly to specialized meat retailers. Supermarkets and other mass merchandisers as well as the food services industry import the remaining 10-15% directly.

Distribution Channels for Imported Beef

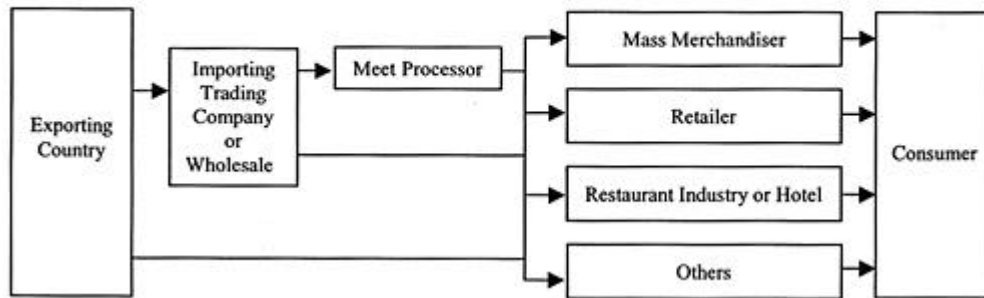


<Pork>

Just under 50% of imported pork are used as ingredients for making hams and sausages, hence they go from trading houses directly to food processors.

Frozen pork, like beef, is sold to mass merchandisers and the food services industry. About 70% of frozen pork, not including pork for processing use, go to the restaurant industry as well as cutlet and other ready-to-eat food makers. The remaining 30% go to mass merchandisers and specialized retailers.

Distribution Channels for Imported Pork

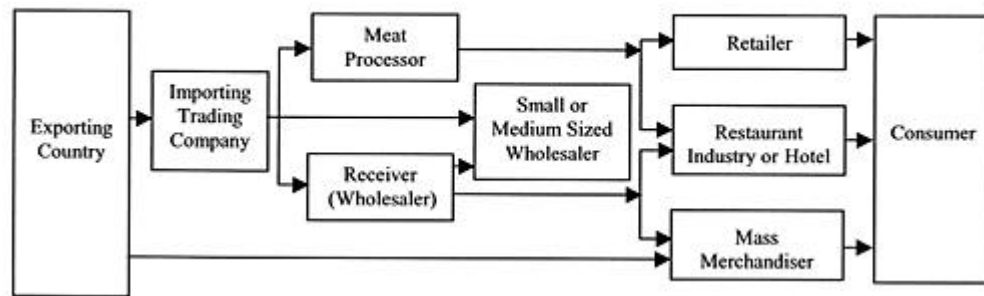


<Chicken>

About 35% of imported chicken are brought in by importers for use as raw materials by food processors.

Chicken sold by mass merchandisers and retailers passes through importers, wholesalers, and mass merchandisers, accounting for about 20% of total imports. Direct imports by mass retailers are increasing in recent years, caused by lower prices and increased handling of yakitori skewered chicken. The remaining 35% of imports are used by convenience stores, ready-to-eat food makers, and restaurants.

Distribution Channels for Imported Chicken



<Mutton>

Imported mutton is used mostly as ingredients for hams and sausages. The majority of imported mutton goes from trading houses to food processors. A small quantity are sold for use in barbecues. The distribution channels are substantially the same as those for beef.

6. Industry Contacts

Agriculture and Livestock Industry Promotion Corporation
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Japan Sheep Breeders Association
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