

19. Shrimp and Crabs

1. Definition of Category

Shrimp and crabs with shell attached, including those, which have been steamed or boiled and then chilled or frozen. It does not include shellfish preserved in brine or heat-treated.

HS Numbers	Commodity
<Shrimp>	
0306.11-000	Rock lobster and other sea crawfish (frozen)
0306.21-100	Rock lobster and other sea crawfish (live, fresh, chilled)
0306.12-000	Lobster (frozen)
0306.22-100	Lobster (live, fresh, chilled)
0306.13-000	Shrimp and prawn (frozen)
0306.23-111, -190	Shrimp and prawn (live, fresh, chilled)
0306.19-010	Other shrimp (frozen)
0306.29-110	Other shrimp (live, fresh, chilled)
<Crabs>	
0306.14-010	King crabs (frozen)
0306.24-110	King crabs (live, fresh, chilled)
0306.14-020	Snow crabs (frozen)
0306.24-120	Snow crabs (live, fresh, chilled)
0306.14-030	Swimming crabs (frozen)
0306.24-130	Swimming crabs (live, fresh, chilled)
0306.14-090	Other (frozen)
0306.24-190	Other (live, fresh, chilled)

Note: "Live" refers to shellfish kept at low temperatures in a state of quasi-suspended animation. Nearly all live imports are transported with body surface packed in and covered with moistened sawdust.

"Fresh or chilled" refers to shellfish kept at a temperature near 0°C without being frozen.

"Frozen" refers to shellfish maintained at a temperature below the freezing point and frozen all the way through.

2. Import Trends

(1) Recent Trends in Shrimp and Crab Imports

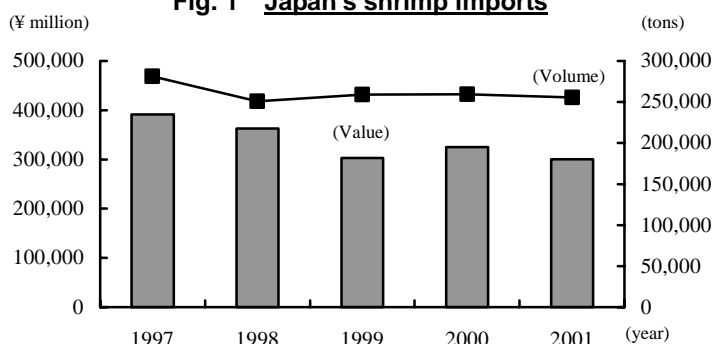
<Shrimp and Lobsters>

Shrimp and lobsters represent Japan's leading imported seafood product on a value basis, and it ranks second overall behind only pork as an imported food product category. Shrimp and lobsters enjoy stable demand particularly in the food service industry. They are being imported in various forms such as live, chilled, frozen, salted, and prepared. On a volume basis, imports of shrimp and lobsters showed consecutive annual decline from 1995 through 1998. The main reason for the sharp decline is increased frozen-shrimp prices in producing countries. The higher prices raised the price to consumers, hurting demand. Shrimp farmers in India and Indonesia has been moving to increase production in view of the higher prices. As a result, shrimp imports showed a slight increase in 1999 due to lower import prices.

In 2001, total imports of shrimp and lobsters recorded 255,613 tons (down 1.5% from the year before), with a decrease by 7.5% to ¥300.5 billion.

Farmed black tiger (frozen) accounts for an overwhelming share (95.9%) of shrimp and lobster imports. 2000 had seen an increase for the first time in years of imports of high-end items such as rock lobsters and lobsters, but imports of these items fell off sharply in 2001.

Fig. 1 Japan's shrimp imports



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Rock lobster, other sea crawfish	10,606	27,757	9,426	20,782	8,605	16,921	9,774	21,062	7,854	18,478
Frozen	8,209	18,664	7,057	13,648	6,157	9,912	7,394	14,083	5,579	11,491
Live, fresh, chilled	2,397	9,093	2,370	7,134	2,448	7,008	2,380	6,979	2,275	6,987
Lobster	3,097	6,177	2,451	4,987	2,782	5,252	2,971	5,604	2,485	5,155
Frozen	1,344	2,919	906	1,926	1,360	2,667	1,446	2,918	1,082	2,350
Live, fresh, chilled	1,753	3,258	1,545	3,060	1,422	2,585	1,525	2,686	1,403	2,805
Shrimp & prawn	267,350	357,200	238,994	337,112	247,402	280,822	246,656	298,001	245,147	276,641
Frozen	267,247	357,033	238,906	336,912	247,314	280,645	246,627	297,938	245,048	276,461
Live, fresh, chilled	103	168	88	201	89	177	28	63	99	180
Other Shrimp	336	322	159	218	273	277	165	203	128	180
Frozen	323	311	136	208	175	248	127	188	122	176
Live, fresh, chilled	12	9	22	8	98	30	38	15	6	4
TOTAL	281,388	391,453	251,030	363,096	259,062	303,272	259,565	324,871	255,613	300,453

Units: tons, ¥ million

Source: Japan Exports and Imports

<Crabs>

Crab imports had consistently been around the 120,000-ton level, but imports were down significantly (13.0% on a volume basis) in 2001, to 108,175 tons worth ¥81.6 billion (down 23.5%). Globally there has been a leveling off in the overall crab catches, and 2001 was an especially poor year for swimming crab, the main producer of which is China, with a catch only half that of a normal year.

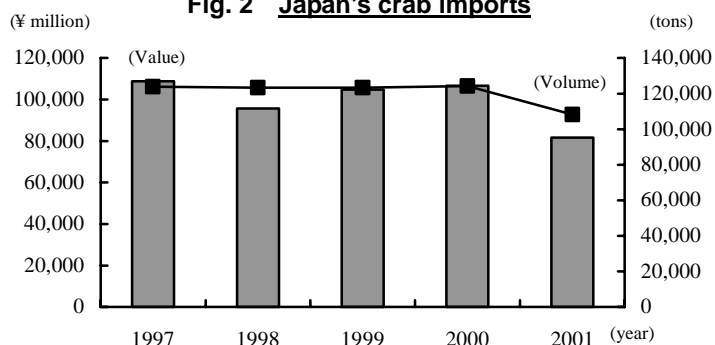
On a volume basis, snow crab is most numerous, with 56,467 tons or 52.2% of the total. On a value basis, leading variety is king crab (with ¥37.4 billion, 45.9%). In the past, crab was usually boiled after being caught and then was imported frozen. But in recent years, improvements in transport technology have led to increases in the proportion of crabs imported live, fresh and chilled. 58.2% of king crab and 47.7% of snow crab imports now come in one of those forms. (see Fig. 2)

(2) Imports by Place of Origin

<Shrimp and Lobsters>

Shrimp and prawn account for most of the Japan imports. Until the early 1990s, Thailand was Japan's main source of frozen shrimp and prawn. Due to the pollution of farming ponds and widespread disease in Thailand, however, imports shifted to Indonesia. In recent years, disease has spread in Indonesia as well, so that the main source of shrimp and prawn is now shifting to India and Vietnam.

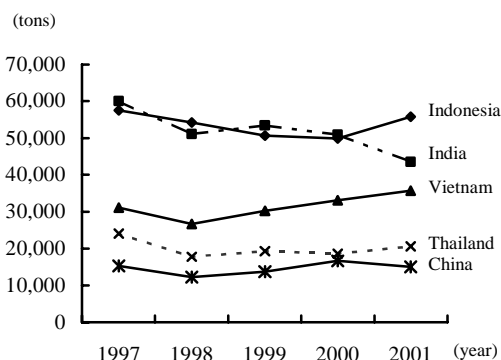
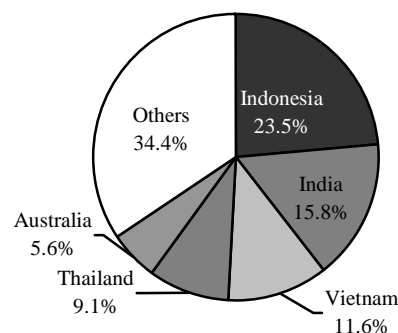
In 2001, Indonesia (22.7%) saw its exports to Japan increase, returning it to the top spot in the rankings of shrimp and prawn (frozen), followed by India (17.5%), and Vietnam (14.6%). Frozen rock lobsters (*iseebi*) were imported mainly from Australia (27.3%) and Cuba (23.6%), while live, fresh and chilled rock lobsters were imported mainly from Australia (67.0%) and New Zealand (21.0%). Canada is an important supplier of other types of lobster. (see Fig. 3 & 4)

Fig. 2 Japan's crab imports


	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
King crabs	45,255	50,131	42,826	41,020	45,459	47,420	43,139	50,088	38,508	37,424
Frozen	24,905	36,936	23,588	30,359	24,760	35,747	22,190	37,727	16,107	25,315
Live, fresh, chilled	20,350	13,194	19,238	10,661	20,698	11,673	20,948	12,361	22,401	12,109
Snow crabs	63,323	45,966	61,335	41,900	62,932	46,564	60,920	44,623	56,467	35,763
Frozen	45,130	38,939	42,115	35,343	42,634	39,496	33,807	35,996	26,917	27,086
Live, fresh, chilled	18,193	7,027	19,219	6,558	20,298	7,069	27,113	8,627	29,550	8,677
Swimming crabs	9,225	6,391	11,591	6,798	8,378	5,022	14,392	7,502	7,597	4,134
Frozen	7,459	4,077	9,946	4,567	6,966	3,099	12,886	5,621	6,665	3,066
Live, fresh, chilled	1,766	2,314	1,646	2,231	1,412	1,923	1,506	1,881	932	1,068
Other crabs	6,163	6,405	7,606	6,026	6,646	5,852	5,843	4,498	5,603	4,289
Frozen	1,539	1,806	1,445	1,208	1,123	797	839	599	912	524
Live, fresh, chilled	4,624	4,598	6,161	4,818	5,523	5,056	5,004	3,899	4,692	3,765
TOTAL	123,966	108,892	123,358	95,744	123,415	104,859	124,293	106,712	108,175	81,610

Units: tons, ¥ million

Source: Japan Exports and Imports

Fig. 3 Principal exporters of shrimp and lobsters to Japan
Trends in import volume by leading exporters

Shares of shrimp & lobster imports in 2001 (value basis)


	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value	Volume	Value
Indonesia	57,495	54,247	50,688	49,916	68,729	55,778	21.8%	70,664	23.5%
India	59,997	51,128	53,430	50,970	59,957	43,593	17.1%	47,477	15.8%
Vietnam	31,134	26,711	30,271	33,105	32,766	35,676	14.0%	34,856	11.6%
Thailand	24,104	17,783	19,328	18,657	28,870	20,580	8.1%	27,249	9.1%
China	15,249	12,198	13,672	16,654	15,248	14,981	5.9%	13,344	4.4%
Others	93,410	88,963	91,674	90,264	119,301	85,005	33.3%	106,863	35.6%
TOTAL	281,388	251,031	259,062	259,565	324,871	255,613	100.0%	300,453	100.0%
(E U)	1,311	1,076	1,362	1,375	1,483	1,775	0.7%	2,052	0.7%

Units: tons, ¥ million

Source: Japan Exports and Imports

Fig. 4 Leading exporters of shrimp and lobsters to Japan by category (2001, volume basis)

		Total volume	First	Share	Second	Share
Shrimps and prawns	(Frozen)	245,048	Indonesia	22.7%	India	17.5%
Rock lobsters	(Frozen)	5,579	Australia	27.3%	Cuba	23.6%
	(Live, fresh, chilled)	2,275	Australia	67.0%	New Zealand	21.0%
Lobsters	(Frozen)	1,082	Canada	74.5%	Australia	9.4%
	(Live, fresh, chilled)	1,403	Canada	59.4%	U.S.A.	38.7%

Unit: tons

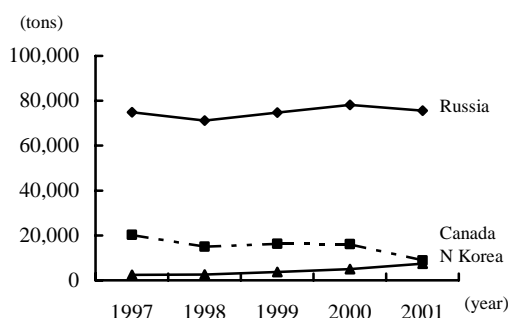
Source: Japan Exports and Imports

<Crabs>

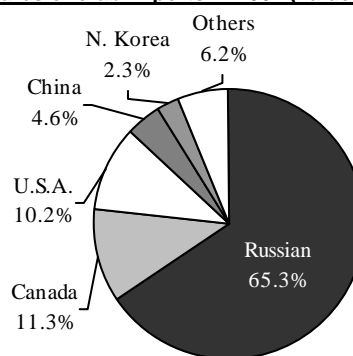
Crab import patterns by category do not vary as dramatically as for shrimp and lobsters. Russia accounts for about 60-70% both on a volume and value basis, followed by Canada and the United States. By category, Russia has a 93.6% share of the imported king crab market, although a small amount of frozen product imports comes from the United States. The leading exporters of snow crabs (live, fresh and chilled) to Japan are Russia (75.3%) and North Korea (24.4%), while Russia (49.1%) and Canada (32.5%) lead in exports of frozen snow crab. China is a main supplier of swimming crabs, followed by Vietnam and North Korea. (see Fig. 6)

Fig. 5 Principal exporters of crab to Japan

Trends in import volume by leading exporters



Shares of crab imports in 2001 (value basis)



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value		
Russia	74,903	71,176	74,786	78,122	64,557	75,572	69.9%	53,327	65.3%
Canada	20,193	14,940	16,308	16,139	17,486	8,781	8.1%	9,262	11.3%
N. Korea	2,377	2,500	3,657	4,952	1,302	7,444	6.9%	1,850	2.3%
China	6,429	7,283	5,275	9,134	5,882	5,765	5.3%	3,790	4.6%
U.S.A.	13,602	19,306	16,290	6,216	10,622	4,354	4.0%	8,316	10.2%
Others	6,461	8,153	7,099	9,731	6,863	6,259	5.8%	5,065	6.2%
TOTAL	123,966	123,358	123,415	124,293	106,711	108,175	100.0%	81,610	100.0%
(E U)	204	115	173	112	106	0	0.0%	0	0.0%

Units: tons, ¥ million

Source: Japan Exports and Imports

Fig. 6 Leading exporters of crabs to Japan by category (2001, volume basis)

		Total volume	First	Share	Second	Share
King crabs	(Frozen)	16,107	Russia	84.8%	U.S.A.	13.7%
	(Live, fresh, chilled)	22,401	Russia	99.9%	U.S.A.	0.0%
Snow crabs	(Frozen)	26,917	Russia	49.1%	Canada	32.5%
	(Live, fresh, chilled)	29,550	Russia	75.3%	N. Korea	24.4%
Swimming crabs	(Frozen)	6,665	China	57.2%	Vietnam	23.5%
	(Live, fresh, chilled)	932	China	78.7%	R. Korea	20.8%

Unit: tons

Source: Japan Exports and Imports

(3) Imports' Market Share in Japan

<Shrimp and Lobsters>

The domestic shrimp catch has been declining year by year. In 2000 the total catch recovered slightly to 28,589 tons, still just two-thirds the level of a decade earlier. At the same time, imports have established a consistent 90% share of the domestic market. The domestic shrimp catch in 2000 included just 1,244 tons of rock lobsters (*iseebi*) and 1,447 tons of small and medium size shrimps (*kurumaebi*). Also, the domestic catch tonnage reflects shrimp still in the shell, whereas most imported shrimp has been peeled and the head taken off for sale as a ready-to-eat product. Thus, in medium and large-size shrimp, imports are believed to have a market share of more than 98% on a tonnage basis.

<Crabs>

The domestic crab catch has also been shrinking, and has fallen to just two-thirds the level of a decade earlier. Out of the total domestic catch of 42,151 tons in 2000, 24,860 tons consisted of red snow crab. The domestic catch of king crab was just 89 tons, and the catch of snow crab was only 5,640 tons. In these two areas, Japan relies heavily on imports to fill domestic demand.

Imports held a 74.7% share of the overall crab market in 2000. King and snow crab are mainly imported sectioned (with the claws removed from the shell), so on an adjusted tonnage basis, crab imports total roughly 150,000 tons annually, and have a market share of over 90%.

Fig. 7 Imports' share in the Japanese market

		1996	1997	1998	1999	2000
Shrimp	Domestic catch	31,996	30,367	28,436	28,307	28,589
	Imports	304,300	281,389	251,031	259,062	259,565
	Domestic market total	336,296	311,453	279,063	287,369	288,104
	Imports' share	90.5%	90.3%	89.8%	90.1%	90.1%
Crabs	Domestic catch total	48,307	44,968	43,576	40,350	42,151
	Imports	129,545	123,966	123,358	123,415	124,293
	Domestic market total	177,852	168,924	166,934	163,765	166,444
	Imports' share	72.8%	73.4%	73.9%	75.4%	74.7%

Units: tons

Source: Annual Statistics on Fishery and Aqua Culture Production (2000), Japan Exports and Imports

3. Key Considerations related to Importing

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

Importation of shrimp and crabs is subject to provisions of the Food Sanitation Law. It is also subject to provisions of the Law for Regulation of Fishing Operations by Foreign Nationals. Cholera inspections once were required for imported shrimp and crabs from areas with cholera outbreaks, under provisions of the Quarantine Law. However, this requirement was abolished as of April 1, 2001. All shrimp and crab safety inspections now have been consolidated with inspections performed under the Food Sanitation Law.

1) Food Sanitation Law Procedures

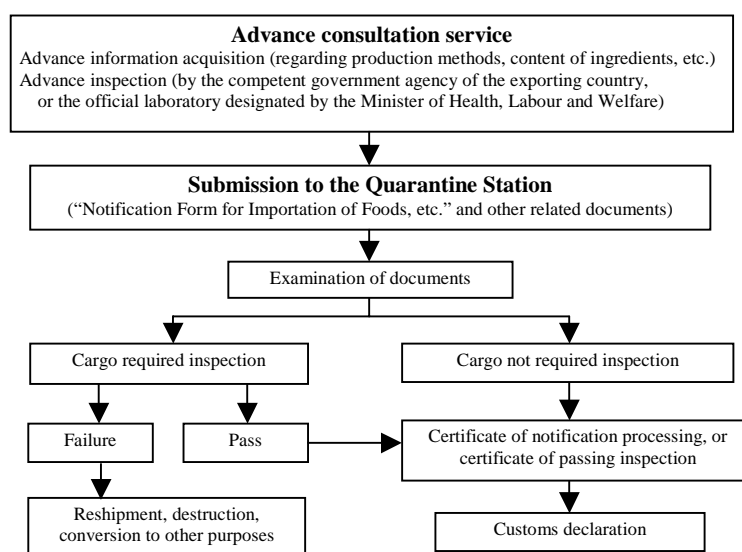
Under provisions of the Food Sanitation Law, an import notification is required for all shrimp and crabs being imported for the purpose of sale or for other commercial purposes. Importers are required to submit the completed "Notification Form for Importation of Foods, etc." to the Quarantine Station 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. Shrimp is inspected for the presence of bleaching agents. Cultivated shrimp and lobsters are also inspected for the presence of residual antibiotics and antibacterial.

In order to expedite the procedural process, Japan has established prior notification system (under which documentation may be submitted up to seven days prior to the scheduled arrival at the port of entry) and a planned reporting import system (if the importer provides the Quarantine Station with a one- or three-year import plan on the occasion of initial import, and it passes examination, the importer will be exempted from filling import notifications for subsequent imports within a specified period).

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.

Fig. 8 Procedures required under the Food Sanitation Law



2) Law for Regulation of Fishing Operation by Foreign Nationals

When foreign fishing vessels land directly in Japan with fishing products caught on the sea, permission is required by the Minister of Agriculture, Forestry and Fisheries in accordance with the Law for Regulation of Fishing Operation by Foreign Nationals. When fishing products are shipped from a foreign country and land in Japan, permission is not required. However, a certificate of shipment issued by the government agency of the shipping country must be attached.

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

The sale of shrimp and crabs is subject to the Food Sanitation Law, the JAS Law, the Measurement Law, the Containers and Packaging Recycling Law, and the Law for Promotion of Effective Utilization of Resources.

1) Food Sanitation Law

In order to establish a store and sell fresh fisheries to consumers and retailers, they must apply for and obtain a business license. For more details on applications for licenses for selling fisheries, required facilities, etc. please contact the health center with jurisdiction over the intended sales area. The Food Sanitation Law prohibits the sale of foods containing toxic or harmful substances and foods that are unsafe for human health. When selling shrimp and crabs without the shell inside container packaging, they must be labeled in accordance with provisions of the Food Sanitation Law. (see 4. Labeling)

2) JAS Law

The JAS Law establishes quality labeling standard for all food and beverage products sold to ordinary consumers. (see 4. Labeling)

3) Measurement Law

Shrimp and crabs 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

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, shrimp and crab 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. (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>
- Law for Regulation of Fishing Operations by Foreign Nationals
Resources Management Division, Resources Management Department, Fisheries Agency, 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>
- 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

1) Food Sanitation Law

Shrimp and crabs that are sold without shell inside container packaging are subject to labeling requirements of the Food Sanitation Law, requiring the following labeling items.

- Name of product
- Description of “frozen food” if it corresponds
- Whether it is for raw-eating or not
- Food additives (if it is added)
- Date of minimum durability (or best-before date)
- Preservation method
- Whether it is ready-to-eat (for boiled crabs)
- Name and address of importer or reseller

2) JAS Law

The JAS Law establishes the Fresh Food Product Quality Labeling Standards, requiring quality labeling for fresh fishery products (including chilled or frozen) sold to ordinary consumers. The Law requires to include the following labeling items, and to place labeling on the container or packaging in a readily visible location, or to display it in a readily visible location adjacent to the applicable fresh fishery products. Furthermore, the Law requires labeling of shrimp and crabs that were previously frozen and subsequently thawed to bear the term “thawed,” and cultivated items to bear the term “cultivated.”

- Name of product
- Country of origin
- Description of “thawed” if it corresponds
- Description of “cultivated” if it corresponds

When selling processed shrimp and crab products sealed in wrapping or containers, following items must be listed all together on the label, under provisions of the Processed Food Quality Labeling Standards, stipulated by the JAS Law.

<Labeling items to be listed all together>

- | | |
|---|-------------------------------------|
| 1) Product name | 2) List of ingredients |
| 3) Net content | 4) Food additives (when it is used) |
| 5) Date of minimum durability or best-before date | |
| 6) Preservation method | 7) Country of origin |
| 8) Importer’s name and address | |

3) Measurement Law

When selling fresh, chilled or frozen shrimp and crabs in containers, showing content volume is required in accordance with the Measurement Law. Any error between shown content volume and actual content volume must be within the specified tolerances.

4) 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

There is no voluntary labeling based on provisions of laws for shrimp and crabs.

(3) Voluntary Industry Labeling

In practice, when selling imported shrimp and crabs, they almost always have the product category, size, and content volume and packer name listed on the cardboard container label.

5. Taxes

(1) Customs Duties

Customs duties on shrimp and crabs are shown below. Japan started lowering its tariff rates on crabs in stages starting January 1, 1995 as pledged at the Uruguay Round.

Fig. 9 Customs duties on shrimp and crabs

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0306.11, 12, 13	Rock lobster and other sea crawfish (<i>Palinurus spp.</i> , <i>Palinurus spp.</i> , <i>Jasus spp.</i>), lobsters (<i>Homarus spp.</i>), shrimps and prawns (Live, fresh, chilled or frozen)	4%	1%		
0306.21, 22, 23	Rock lobster and other sea crawfish, lobsters, shrimps and prawns (Other than live, fresh, chilled or frozen)	6%	5%	4% *Free	
0306.14-010, -020, -030, -090	Crabs (king crabs (<i>Paralithodes spp.</i>), snow crabs (<i>Chionocetes spp.</i>), swimming crabs (<i>Portunus spp.</i>) and other)	6%	4%		
0306.24-110, -120, -130, -190					
0306.19-010, 29-110	Other crustaceans (<i>Ebi</i>)	4%	2%		

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

The volume of domestic products that compete with imports in the area of shrimp and crabs is very small, and their prices are high. Consequently, domestic products and imports tend to have different consumption patterns.

<Shrimp and Lobsters>

Both domestic and imported live rock lobsters are very expensive, and so are usually available only at exclusive restaurants. Less expensive frozen rock lobsters are often served at wedding receptions, banquets and formal parties.

Japan produces no lobsters of its own. Lobster meat is served mainly at French restaurants and other food service establishments. Live, fresh and chilled lobsters generally are higher in price than frozen lobsters. North American lobsters typically have very large claws, while Oceania lobsters have smaller claws. In addition, lobsters from different areas have distinct patterns of color change when boiled.

Live shrimp and prawns are more expensive than frozen, and are mostly served by restaurants and other commercial users. Nevertheless, shrimp and prawns is the most readily available product type in this category. Japanese prawns are considered something of a luxury item, and possess a consumption pattern similar to that of rock lobsters.

<Crabs>

Unlike shrimp and lobsters, live crabs are sold both to consumer users and commercial users. A considerable portion of imported crabs is sold to ordinary consumers. Fresh and chilled swimming crabs and hairy crabs are usually imported whole, whereas snow crabs and king crabs are usually imported in sections (such as the legs) only. Crabs of the same variety but caught in different places have few significant differences in characteristics. Demand for frozen crabs is increasing for use in making frozen processed foods. In addition, snow crabs and king crabs are usually imported in sections only.

7. Domestic Distribution System and Business Practices**(1) Domestic Market Conditions****<Shrimp and Lobsters>**

The Japanese consumed around 300,000 tons of shrimp and lobsters per year. While most was eaten either at restaurants or at home, some was also used to make instant cup noodle and certain types of confections. In the past 70-80% of all shrimp and lobsters was consumed at food service establishments, but recently the ratio of commercial to home use has narrowed to around 50:50. Food service industry most commonly uses large lobsters and medium-sized prawns domestically caught as well as live imported shrimp and prawns. Families most often buy frozen shrimp and prawns and smaller size prawns for meals at home. Food processors mostly buy smaller size shrimp and prawns. Consumption rises during major national holiday periods such as Golden Week (May), summertime festivals and New Year's. Osaka-Kyoto-Kobe region consumes more shrimp and lobsters all year round than other parts of Japan.

<Crabs>

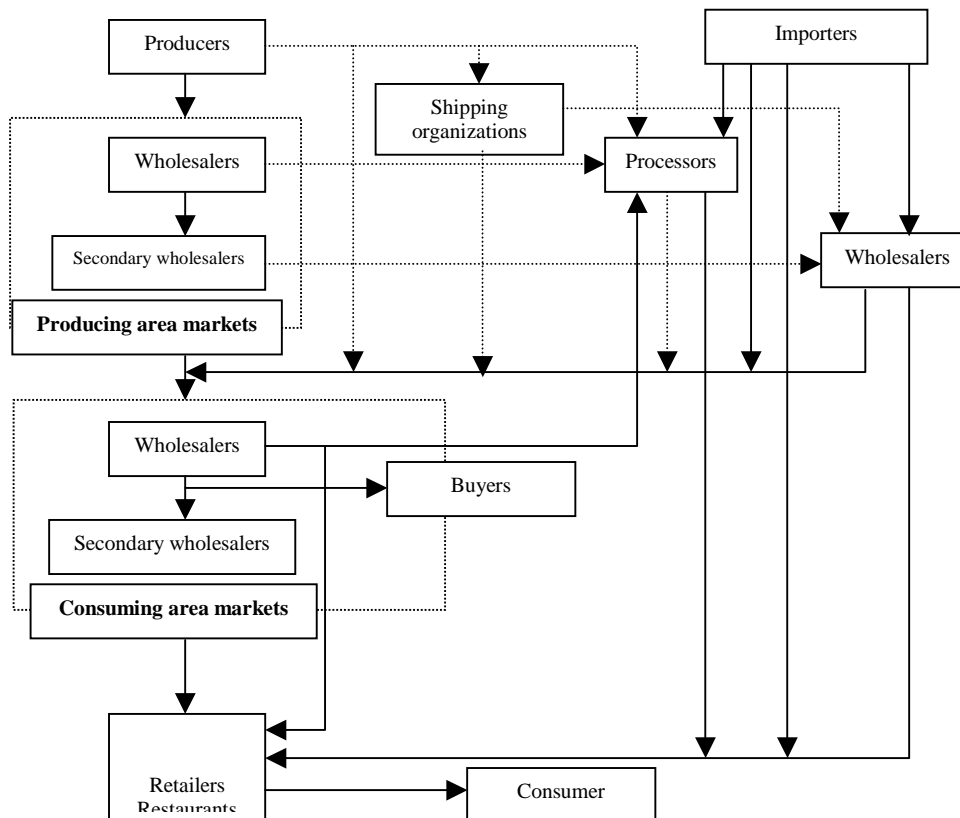
In Japan, some 170,000 tons of crab meat is consumed, primarily at food service establishments, although some is processed and sold canned and some is sold to consumers for use in home meals. Food processors primarily rely on frozen crabs. Home use of crabmeat has risen in recent years due to lower prices resulting from increased imports. The northern Japan Sea coast region consumes more crabmeat than other parts of Japan. Live crabs are more popular in the Osaka area than in the Tokyo area.

(2) Distribution Channels

Shrimp and crabs pass through the very same distribution channels. Merchandise either goes through wholesale markets located in the consumption areas to wholesalers who distribute it to mass merchandisers, retail stores and food service providers (inside-market distribution), or it goes direct to food processors, after which it is distributed through wholesalers to mass merchandisers, retail stores and food service providers (outside-market distribution). (see Fig. 10)

Imports are usually distributed through outside-market wholesalers to secondary and tertiary wholesalers, who in turn distribute to mass merchandisers, retail stores and food service providers. This method is more common for imports than the inside-market method. Sometimes importers sell direct to mass merchandisers, food processors or food service providers, but this is somewhat uncommon.

Fig. 10 Principal distribution channels for shrimp and crabs



Notes:

- 1) Buyers; includes large-scale buyers, food processors, operators from outside the local area, trading company representatives.
- 2) Dotted lines indicate channels used only by domestic products; solid lines indicate channels used by imports.
- 3) Processors also include companies that import in bulk and simply repackage the merchandise for consumer sale or perform other comparable minor processing.

(3) Key Considerations for entering the Japanese Market

If importers of live, fresh or chilled shrimp or crabs choose to distribute via the wholesale markets, doing consignment sales eliminates the need to find buyers and makes it possible to get into the market fairly quickly. However, the cost of handling fees paid to the wholesale markets combined with the cost of air freight can sometimes drive the cost of the merchandise above what the market will bear, particularly if prices happen to take a tumble. On the other hand, prospective importers can choose to bypass the wholesale markets and instead negotiate definite arrangements with suppliers, distributors and retailers. This reduces or eliminates some of the risk factors mentioned above. Virtually all frozen shrimp are imported in this manner. Almost all frozen shrimp and crabs are imported by ship. Aside from the time it takes to get the merchandise to market, if there is not already a buyer for the merchandise the importer can run into considerable interest and warehouse storage costs while waiting to collect on the merchandise.

Prospective importers should be aware that the Japanese market is very stringent with regard to product quality and standards compliance issues. They must make sure merchandise meets market expectations in terms of freshness and size. Importers can also run into problems with food health and with contract compliance on the part of some suppliers and exporters in some countries. Sometimes importers are ordered to return merchandise to the shipper or destroy it as a result of inspections performed in quarantine. They must be sure to purchase adequate insurance coverage against losses resulting from such a determination.

8. After-Sales Service

There is virtually no need for after-sales service. Japanese consumers are well informed about how to use shrimp and crabs in cooking, and the merchandise is generally consumed (by eating) within a fairly short time. Occasionally there are complaints from consumers about health and sanitation issues. In that event, the retail store, the distributor or the importer is responsible for addressing the problem.

9. Related Product Categories

<Other fishery products>

Fishery products that are subject to import quota or prior confirmation requirements must obtain a quota allocation or prior confirmation in advance.

<Processed shrimp and crab products>

Processed shrimp and crab products are subject to differing classification based on shrimp or crab content levels. Prospective importers should check with customs officials for more information. Imports for resale of both these categories of products are subject to provisions of the Food Sanitation Law.

10. Direct Imports by Individuals

Imports of 10 kg or less of shrimp or crabs are exempt from inspection requirements of the Food Sanitation Law, and any person may bring in shipments of such size. Larger size imports are subject to requirements of the Law even if they are intended for personal consumption. Unless an individual brings in the merchandise personally when returning from an overseas trip, it is very difficult to maintain the freshness of small-lot shipments of shrimp and crabs when they do not pass through normal distribution channels, and doing so properly is very expensive. Accordingly, it is not recommended that individuals import shrimp or crabs personally.

11. Related Organizations

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|---|-------------------|---|
| • Japan Fish Traders Association | TEL: 03-5280-2891 | http://www.jfta-or.jp |
| • Japan Frozen Foods Inspection Corporation | TEL: 03-3438-1411 | http://www.jffic.or.jp |