

# Japanese Market Information on Specified Products



## 1. The Japanese Market

### <Largest Tuna Market in the World>

Consumption of tuna for sashimi increased considerably since the 1970s. To meet Japanese demand for sashimi tuna, tuna are caught in seas around the world. Although the largest canned tuna market is the United States, because dealing prices for sashimi tuna are some 20 to 30 times greater than for canned tuna, tuna parts that can be used for sashimi are all brought into Japan. For this reason, the supply of tuna on the Japanese market exceeds demand.

With the increase in the availability of imported tuna has come decreases in their prices, turning tuna from high-quality food into everyday food. According to the "Annual Report of the Research on Household Economy (1997)," annual household consumption of fresh fish and shellfish declined from 50.6kg in 1977 to 40.2kg, but the share of tuna in overall consumption increased from 6.5% to 7.9%.

Tuna is also consumed in significant quantities by the food service industry. Consumption of fresh tuna is particularly high in this industry because of recent increases in the number of high quality but relatively inexpensive sushi restaurants.

### <International Resource Management>

The decline in the quantity of species from which popular fatty meat can be obtained has created the need for resource conservation. Because there are no maritime boundaries, however, such measures cannot be implemented by any one nation. Relevant international agencies are implementing conservation measures including the establishment of a permit system for fisheries operation, introducing catch quantity controls, and setting fishing quotas by country.

### <Japanese Government Measures>

The Japanese government takes the following action to meet conservation measures designated by international treaties:

First, tuna fisheries specified under Article 52, Clause 1 of the Fisheries Act for special fisheries control and conservation, meaning that tuna fisheries operations cannot be conducted without government approval. Fishing vessels are also required to submit reports on the quantities of their catch. In certain fishing zones, fishing vessels are required to submit such reports even during operation.

Japan also enacted the Ministerial Ordinance for the Permission and Regulation of Designated Fisheries to take measures against vessels that fly a flag of convenience and ignore resource conservation measures or against vessels that belong to countries that are not a member of international fisheries control agencies. Under this Ordinance, Japan reserves the right to take action against vessels operating without permission in sea zones designated by the Ministry of Agriculture, Forestry and Fisheries if Japanese personnel are on board.

In addition, as the world's biggest tuna consumer, Japan takes actions such as establishing management agencies in sea zones where no international management exists. To clarify its stance on resource management and conservation, Japan has enacted the Law Concerning Special Measures to Strengthen the Conservation and Management of Tuna Resources.

### <Aquaculture and Species Propagation>

To decrease the risk of fluctuation in catches and establish a stable supply, leading trading houses and distributors have joined fisheries organizations in increasing the quantity of aquacultured tuna handled.

Tuna aquaculture involves catching tuna of at most medium size and raising them at a fish preserve. Aquacultured tuna are relatively stable in quality, are priced reasonably, and can be supplied throughout the year. Typical aquacultured tuna include southern bluefin tuna from Australia and bluefin tuna from Croatia and Spain.

There are also other attempts at aquaculture being made, but none to now have been practical.

### <Market Entry>

Before Japanese market entry, importers must become aware of many requirements. Some tuna species are prohibited for import while others are subject to quarantine inspection. Dealers must become aware of what they are. There are also many other problems, some of which are as follows:

- Requirement of knowledge for selecting the appropriate species and distinguishing quality
- Requirement of knowledge and experience with market prices and procedures
- Need for obtaining reliable suppliers capable of maintaining a stable supply of fresh fish
- Difficulties in purchasing only the needed species in the needed quantities because almost all trading houses purchase an entire vessel of frozen tuna
  - Need for considerable investment in preservation facilities before entering the wholesale market for frozen tuna, and need to secure routes and channels for buying and distribution for fresh tuna
  - Difficulties for newcomers wishing to enter the market because relationships between suppliers and buyers run in most cases to many years
  - Need for expertise and facilities for processing tuna for retail

## 2. Imports

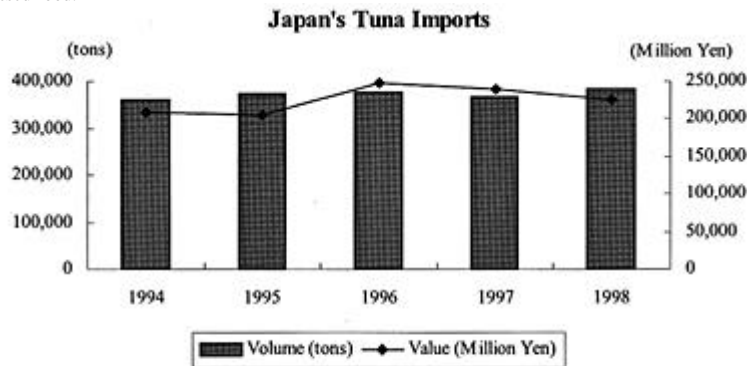
For marine products such as tuna, imports are defined as "goods that are carried into Japan as foreign goods." Tuna imports include tuna caught by vessels of foreign nationality outside Japanese territorial waters and then carried into Japan, or tuna caught by vessels of Japanese nationality that are landed first in other countries before they are brought into Japan. All other tuna are considered Japanese products, regardless of where they are caught.

## (1) Recent Developments

Consumption of raw tuna has increased since the 1970s. To supplement Japanese production, imports of tuna have increased. Imports fluctuate yearly because of the resource's dependency on the natural environment, but they have held steady in recent years, ranging from between 360,000 tons and 390,000 tons.

Whole tuna (mostly "semi-dressed," i.e., without gills and entrails) accounts for 70% of total import volume, consisting of about 200,000 tons of fresh fish and between 60,000 and 70,000 tons of fresh fish. "Semi-dressed" fish, because they remain fresh a long time, are best for making sashimi and accounts for the main import demand. Meat fillets and fish meat are considered together; their imports have been increasing since 1993. Their increase is the result of decreased processing and transportation costs.

By species, yellowfin tuna and big-eyed tuna accounted for 80% of total import volume. Most of these tuna are imported frozen. Imports of bluefin tuna and southern bluefin tuna are small but increasing. The unit prices of these species are higher than others because they are in great demand as high-quality fish for sashimi. For this reason, twice as much of these species are imported fresh as are frozen. Volume of albacore or long-finned tuna imports is small, and most of these imports are used for making processed food.



	1994		1995		1996		1997		1998	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Tuna (fresh and chilled)	69,204	69,546	72,306	67,860	69,483	68,180	67,851	71,992	68,951	72,582
Albacore or long-finned tuna	390	222	384	182	265	155	266	138	331	189
Yellowfin tuna	37,046	31,295	39,296	30,214	35,819	28,905	32,667	28,062	33,787	27,591
Other	31,767	38,029	32,626	37,464	33,399	39,121	34,919	43,792	34,833	44,802
Tuna (frozen)	202,516	98,079	202,821	92,693	205,347	124,043	180,782	104,041	215,975	111,848
Albacore or long-finned tuna	1,934	395	1,921	341	2,676	577	1,334	322	1,622	308
Yellowfin tuna	106,688	32,367	93,056	27,016	99,840	38,281	77,309	27,614	81,640	26,980
Other	93,894	65,316	107,844	65,336	102,831	85,185	102,139	76,105	132,713	84,560
Tuna (meat fillets & fish meat)	88,631	41,410	97,538	44,778	103,009	55,298	118,639	62,870	97,956	41,779
Tuna meat fillets (fresh and chilled)	1,795	2,328	2,100	2,651	2,090	2,513	1,611	1,910	1,203	1,413
Tuna fish meat (fresh and chilled)	3,546	3,310	3,962	3,507	3,891	4,120	4,191	4,523	5,666	4,667
Tuna meat fillets (frozen)	7,027	9,779	8,659	11,843	9,918	16,793	9,744	16,412	6,979	8,659
<b>Total</b>	<b>360,351</b>	<b>209,035</b>	<b>372,666</b>	<b>205,331</b>	<b>377,839</b>	<b>247,521</b>	<b>367,272</b>	<b>238,903</b>	<b>382,882</b>	<b>226,209</b>

Unit: tons, Million Yen

Source: Japan Exports and Imports

Note: "Meat fillets &amp; fish meat" includes fishes other than tuna.

## (2) Countries of Origin

Japan is the world's largest market for tuna used to make sashimi. In 1998, Taiwan was the largest exporter of tuna to Japan, followed by the Republic of Korea. They each accounted for approximately 20% of total Japanese tuna imports. These two countries were followed by Indonesia, some flag of convenience countries (Honduras, Belize, etc.), Australia, Singapore, Spain, and the United States.

Taiwan and the Republic of Korea possess a large fleet of super low temperature tuna fishing vessels that together equal the size of the Japanese fleet. These fleets operate around the world, meaning that imports from Taiwan and the Republic of Korea are not only large in volume, but also rich in species. Most frozen tuna are imported from these two countries.

Indonesia also possesses similar fleets, but in recent years, the country has begun to make use of air transports of fresh tuna. Indonesia is Japan's largest source of fresh yellowfin tuna and big-eyed tuna. Australia, Spain, and the United States tend to deal in high quality tuna such as bluefin tuna and southern bluefin tuna.

Besides countries listed above, fresh tuna are imported from many other countries in Europe, the Americas, and the South Pacific. Fresh tuna are usually caught and taken to the nearest port, then air-freighted to Japan.

**Principal Exporters of Tuna to Japan**

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
TAIWAN	55,641	52,683	68,502	50,867	51,084	93,322
S KOREA	37,057	34,690	40,843	41,966	43,311	75,551
INDNSIA	16,938	16,856	20,853	18,174	19,001	28,291
AUSTRAL	4,519	5,947	6,516	12,393	15,002	8,696
THAILND	8,037	9,098	10,508	13,302	9,844	35,531
OTHERS	86,843	86,058	100,299	102,201	87,967	141,491
TOTAL	209,035	205,331	247,521	238,903	226,209	382,882

Unit: Million Yen, tons

Source: Japan Exports and Imports

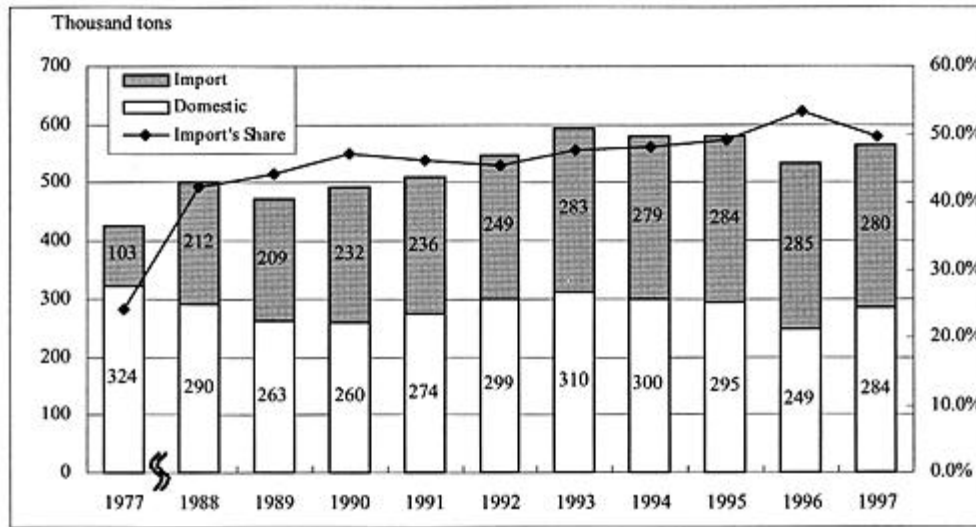


(3) Share Accounted for by Imports

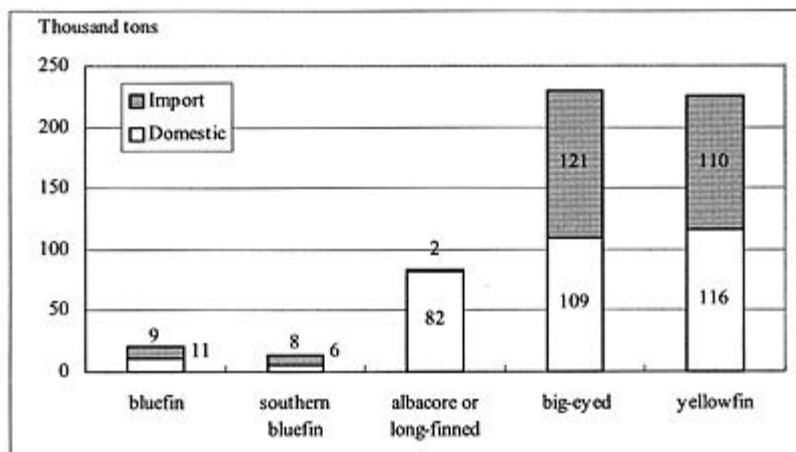
Volume of tuna imports began to increase about 20 years ago and have been steady in the last decade. Since domestic tuna production has been sluggish over the same period, the share accounted for by imported tuna has increased gradually, imports exceeding domestic production in 1996.

For bluefin tuna, southern bluefin tuna, big-eyed tuna, and yellowfin tuna, volume of imports about equals the volume of domestic production. Little of albacore or long-finned tuna are imported. About 40% of domestic albacore or long-finned tuna are exported.

**Import's Share in the Japanese Market**



**Import's Share in the Japanese Market (by Fish Species)**



Unit: %

Source: Ministry of Agriculture, Forestry and Fisheries

3. Laws and Regulations

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Tuna imports are subject to the Foreign Exchange and Foreign Trade Control Act. Tuna are also subject to the Food Sanitation Law. Tuna imported from certain areas are also subject to the Quarantine Act.

In addition, tuna are subject to resource conservation and management laws, including the Law for Regulation of Fishing Operation by Foreign Nationals and the Law Concerning Special Measures to Strengthen the Conservation and Management of Tuna Resources.

(1) Foreign Exchange and Foreign Trade Control Act

Imported tuna are subject to the following provisions under this Act:

(a) Bluefin Tuna and Their Preparations from Belize, Honduras, or Panama

These products are designated as Import License Items by the Ministry of International Trade and Industry. The International Convention for the Conservation of Atlantic Tuna (ICCAT) prohibits the import of fresh or frozen bluefin tuna from the above countries.

(b) Import of Tuna (Excluding Albacore or Long-finned Tuna) by Vessels and Frozen Tuna

These products are designated as Advance Confirmation Items by the Ministry of International Trade and Industry and require the importer to follow certain procedures. Importers must submit an application form for confirmation to the Agricultural and Marine Products, Office, International Trade Administration Bureau, Ministry of International Trade and Industry. The application form must be prepared according to the format shown in the "Ministry of International Trade and Industry Official Bulletin."

(c) Fresh and Frozen Bluefin Tuna

These products are designated as Customs Confirmation Items. A certificate of statistics must be submitted to customs during customs clearance. This certificate is issued by a confirmation agency of a tuna fishing vessel's flag country.

(2) Food Sanitation Law

When importing fresh, chilled, or frozen tuna, the importer must submit a "Notification Form for Importation of Foods, etc." along with other necessary documents to the quarantine station at the port of entry. Imports will be inspected at the bonded area or the quarantine station.

Carbon monoxide (CO), which artificially tinges tuna with a red color and gives it an appearance of freshness, is NOT permitted for use under Food Sanitation Law. Potential importers should note that if CO is detected, imports will not be permitted.

Types of sliced fish or shucked shellfish, including tuna, are subject to "Standards of Frozen Fresh Fish and Shellfish for Raw Consumption." According to this set of standards, the number of bacteria per gram of the inspected item must be less than 100,000 and its group of colon bacilli must be dormant.

(3) Quarantine Act

Fresh fish and shellfish imported from cholera areas are subject to quarantine inspection under the Quarantine Act. Fresh, chilled, or frozen tuna are subject to quarantine inspection if they are imported from the following areas:

- Countries in Asia and Africa designated by the World Health Organization (WHO)
- Countries designated by the Japanese Ministry of Health and Welfare (Bangladesh, Indonesia, Thailand)

(4) Reference

(a) Law for Regulation of Fishing Operation by Foreign Nationals

Permission is required from the Ministry of Agriculture, Forestry and Fisheries in accordance with the Law for Regulation of Fishing Operation by Foreign Nationals if a foreign fishing vessel seeks to land in Japan with fish. Such permission is not required for fish shipped from a foreign country. Such shipments, however, still require a certificate of shipment issued by a government agency of the shipping country.

(b) Law Concerning Special Measures to Strengthen the Conservation and Management of Tuna Resources

The Japanese government reserves the right to request a relevant international agency to take appropriate measures if tuna fishing activities by overseas fisheries interests are adversely affecting the effectiveness of tuna resource conservation measures. The government also reserves the right to limit tuna imports from these countries in accordance with the provisions of the Foreign Exchange and Foreign Trade Control Act.

## 4. Taxes

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(1) Customs Duties

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0302	Fish, fresh or chilled, excluding fish fillet and other fish meat of heading No. 0304				
0302.31-000	Albacore or longfinned tunas	5%	3.5%		
0302.32-000	Yellowfin tunas	5%	3.5%		
0302.39	Others	5%	3.5%		
0303	Fish, frozen excluding fish fillet and other fish meat of heading No. 0304				
0303.41	Albacore or longfinned tunas	5%	3.5%		
0303.42	Yellowfin tunas	5%	3.5%		
0303.49	Others	5%	3.5%		
0304	Fish fillet and other fish meat, fresh, chilled or frozen				
0304.10	Fresh or chilled	5%	3.5%		
0304.20	Frozen fillet	5%	3.5%		
0304.90	Other	5%	3.5%		

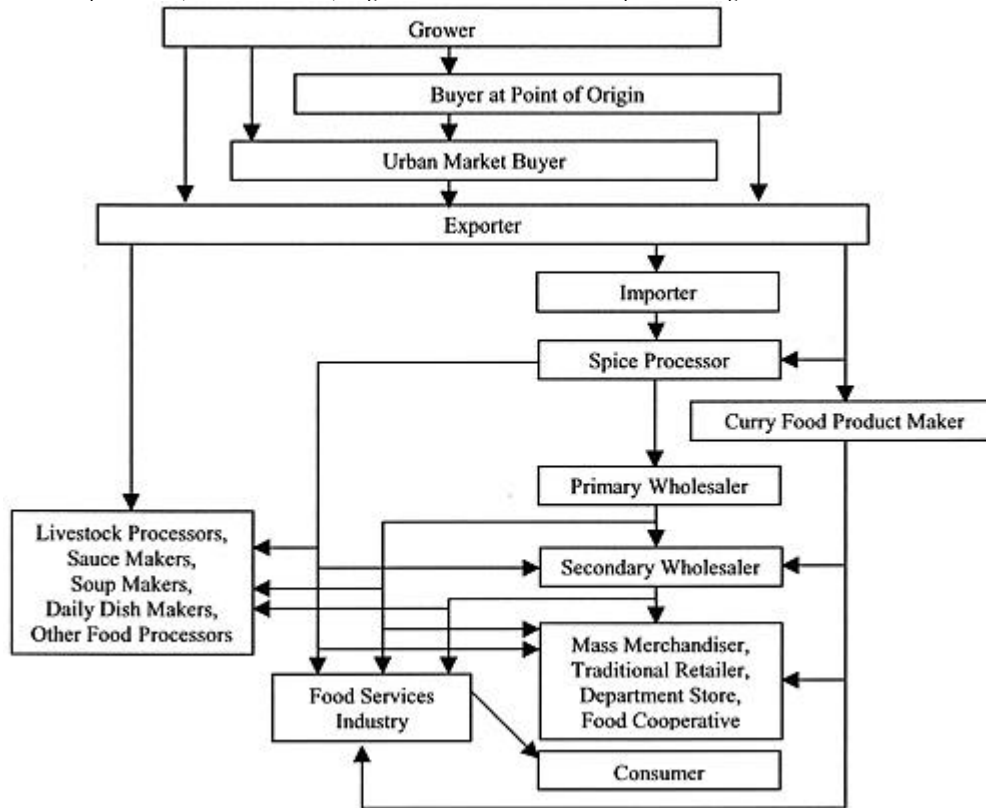
Note: Refer "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc.

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

### 5. Distribution

The figure below illustrates the main import and distribution channels for fresh, chilled, and frozen tuna. Recent years have seen the emergence of distribution channels that bypass wholesale markets, but even in such cases, selling prices depend on the auction prices set at the wholesale markets. Importers and trading houses also frequently involve themselves with tuna purchasing and wholesaling. The leading trading houses also often purchase entire vessels of tuna.

Air transport dealers, on the other hand, range in size from small business operators to big businesses.



### 6. Industry Contacts

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