

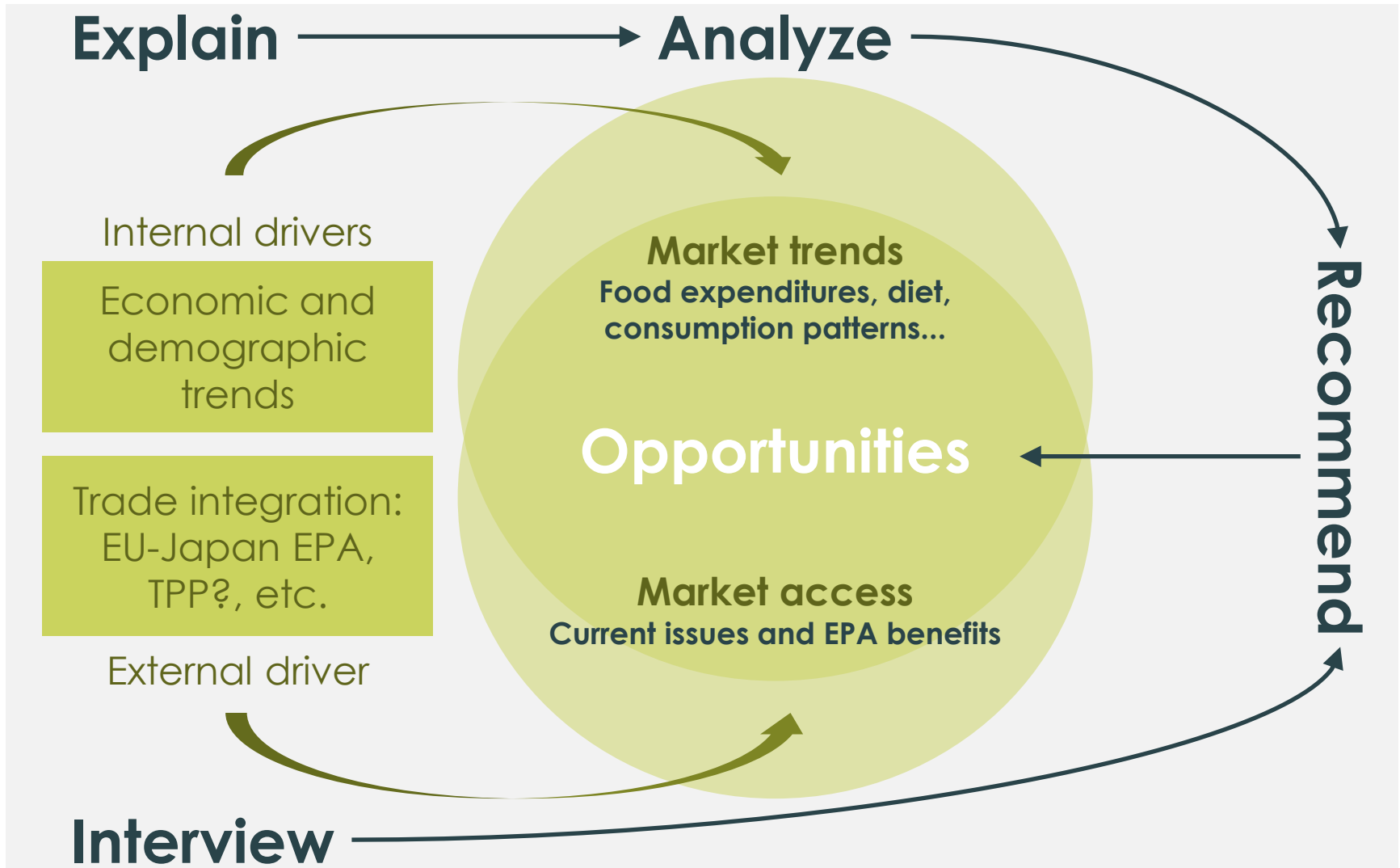
MARKET OPPORTUNITIES FOR EU AGRIBUSINESSES IN THE CONTEXT OF THE EU-JAPAN EPA

William Fournel, MINERVA visiting fellow

SCOPE

- 1. Trends only, no technical advice provided**
- 2. Food products:**
 - Sections I to IV (HS 2012)
 - Non-edible products excluded
- 3. Data:**
 - MoF – Japanese customs
 - Customized classification based on DG Agri's classification

OUTLINE

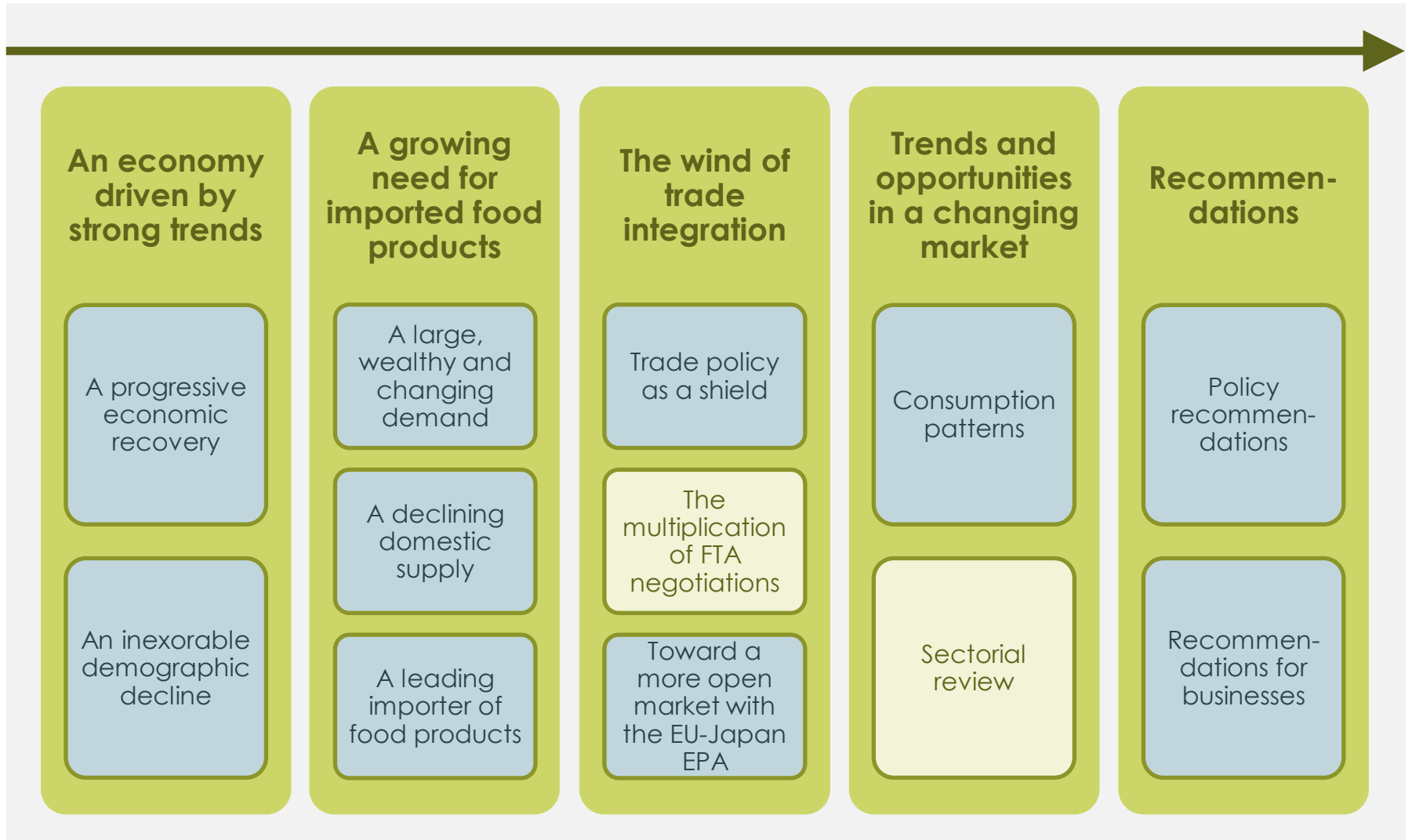


INTERVIEWS

- EU Embassies and Chambers of Commerce
- EU food exporters, importers and local producers
- A renowned Chef
- A Japanese importer with a EU franchise
- Prominent Japanese economists



STRUCTURE

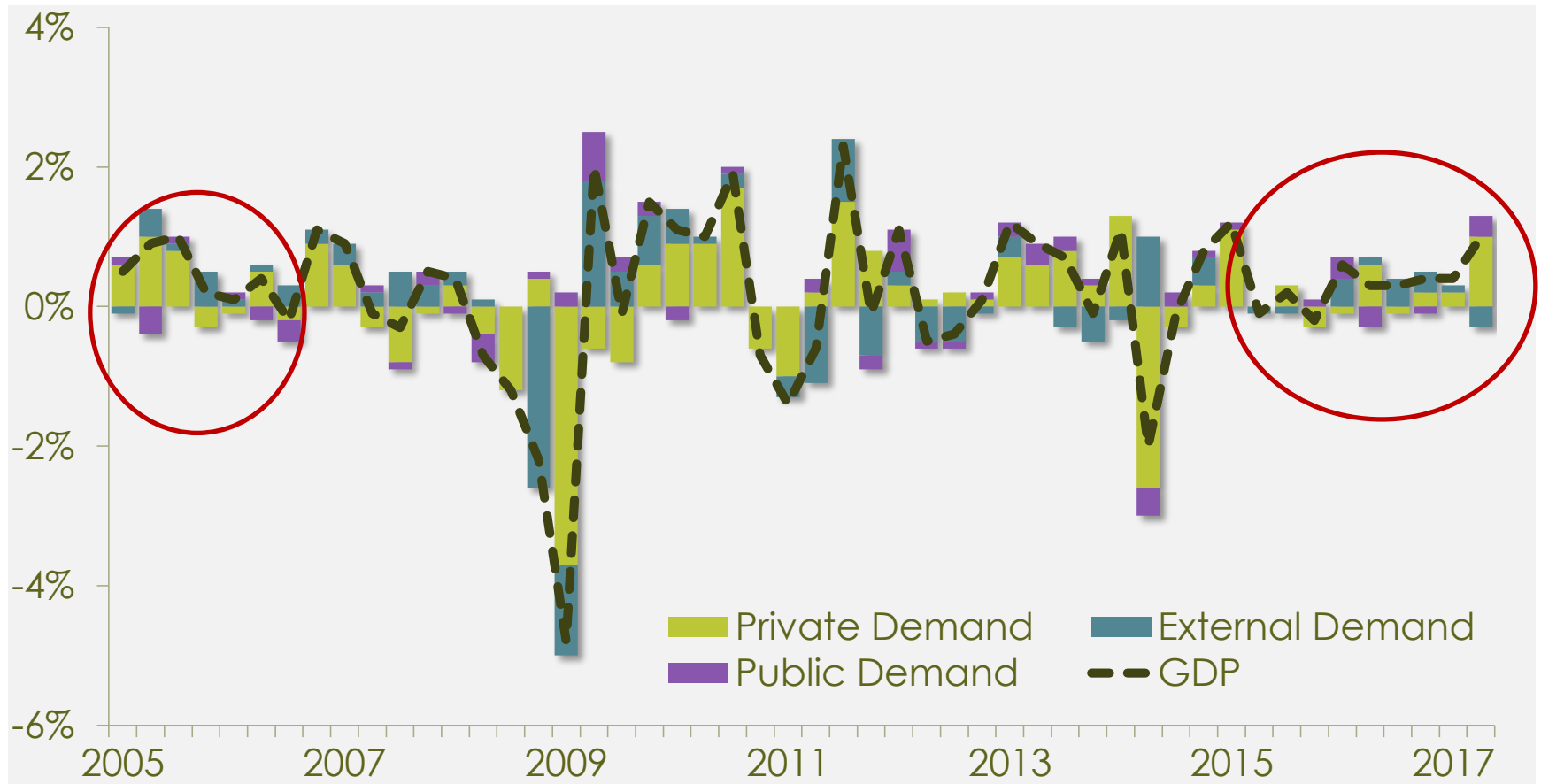


MARKET OPPORTUNITIES FOR EU AGRIBUSINESSES IN THE
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AN ECONOMY DRIVEN BY STRONG TRENDS

A PROGRESSIVE ECONOMIC RECOVERY

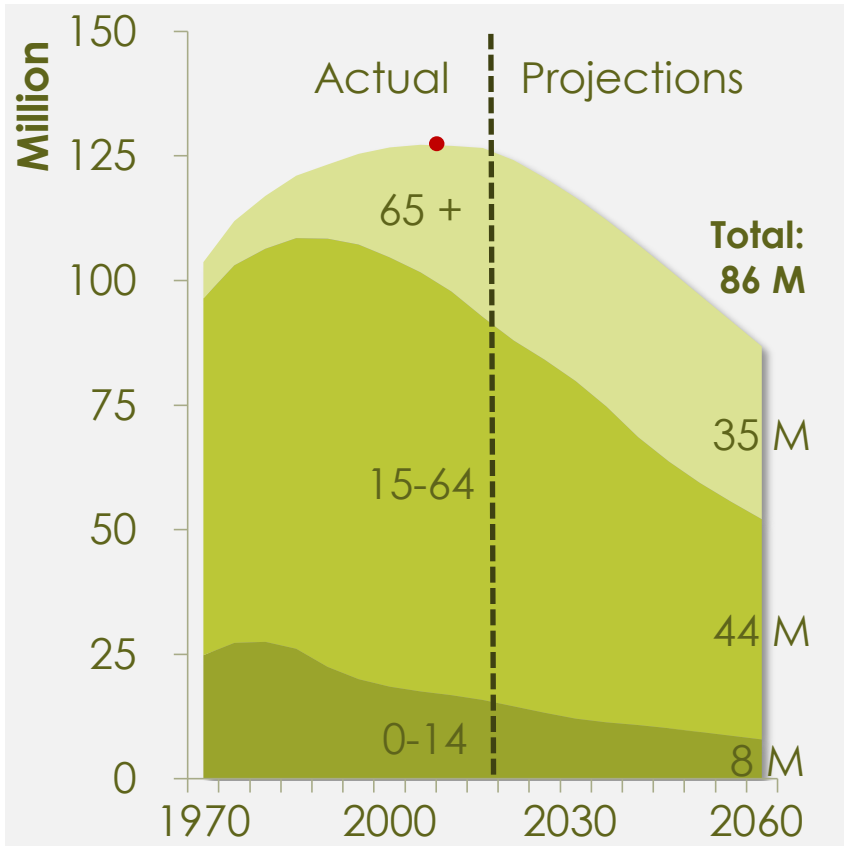
Contribution to percent change in real GDP growth



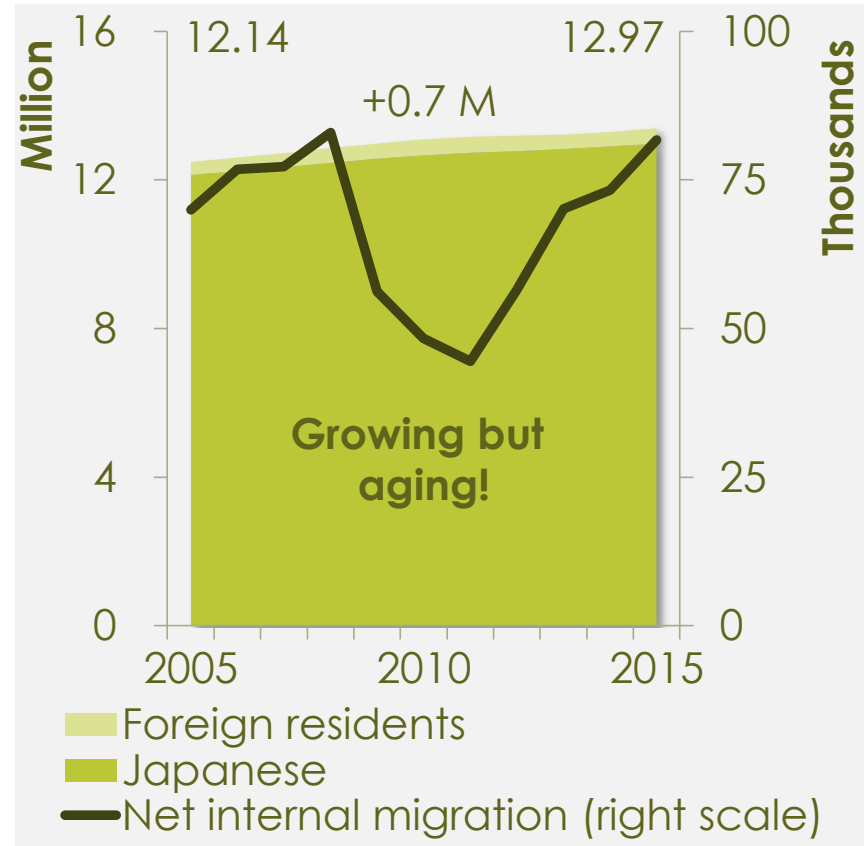
Source: CAO

AN INEXORABLE DEMOGRAPHIC DECLINE

Population based on standard projections*



Population change in the prefecture of Tokyo



*Medium fertility/medium mortality scenario Source: NIPSS

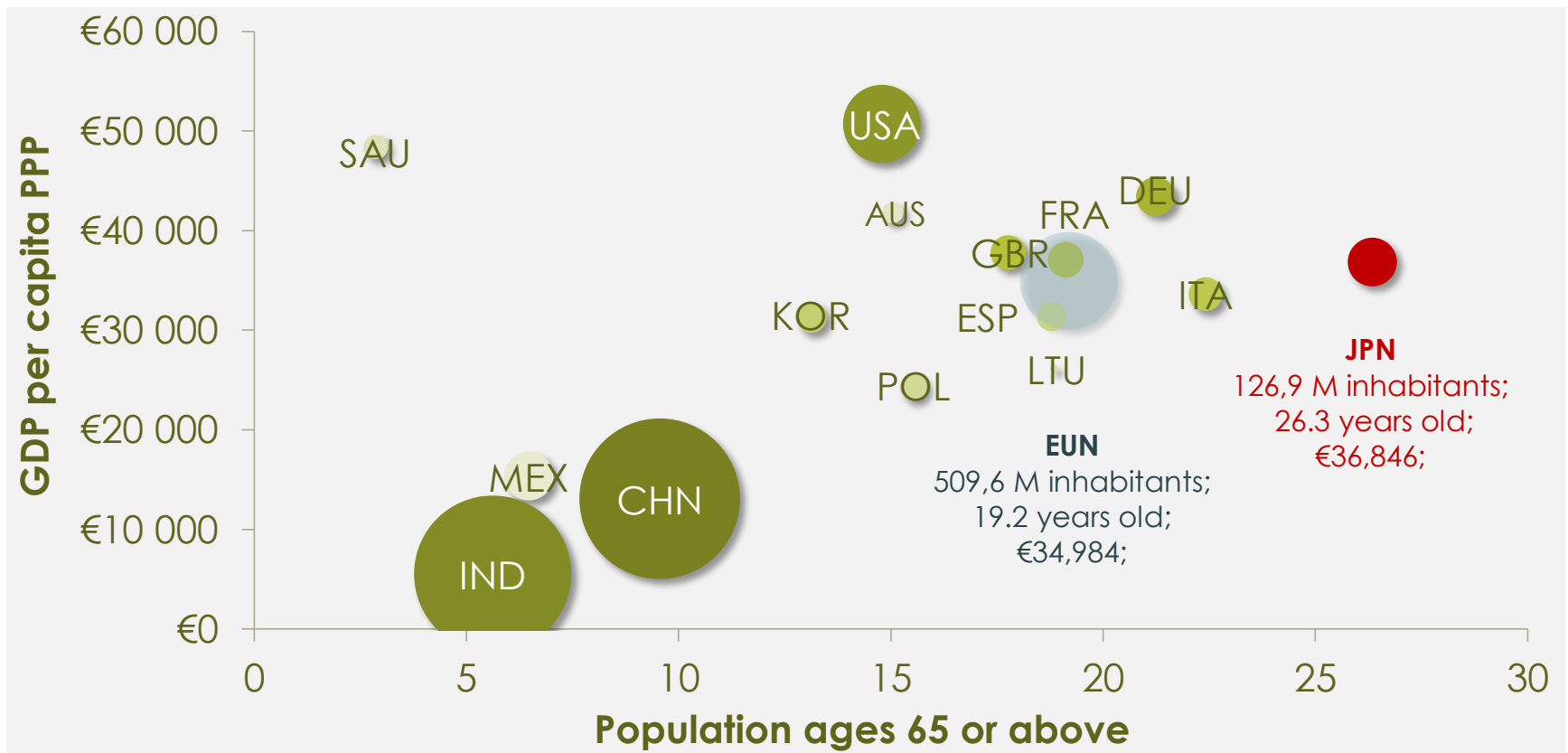
Source: Statistics Bureau

MARKET OPPORTUNITIES FOR EU AGRIBUSINESSES IN THE
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A GROWING NEED FOR IMPORTED FOOD PRODUCTS

A LARGE, WEALTHY AND CHANGING DEMAND

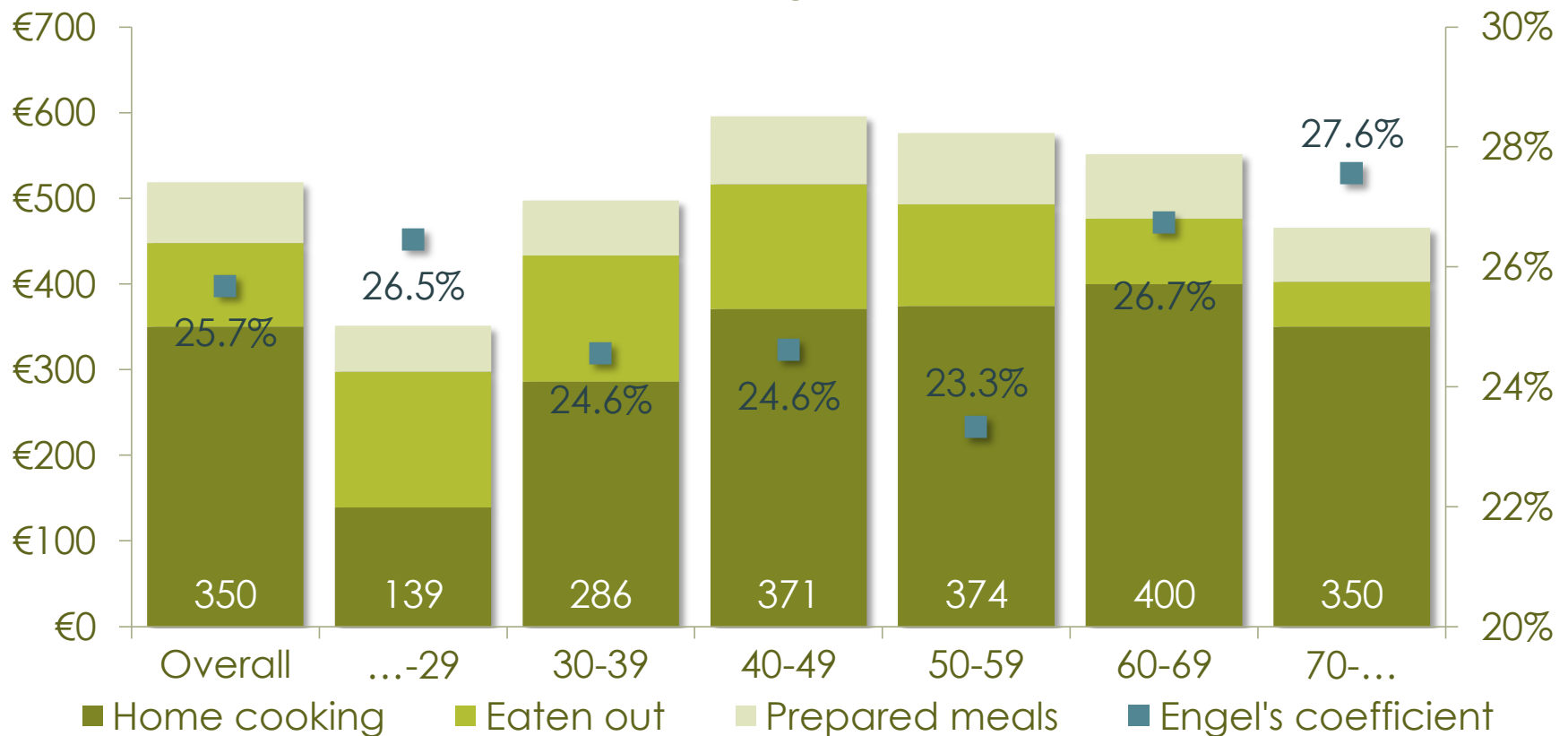
International comparisons of population, purchasing power and old-age share, in 2015



Source: World Bank

A LARGE, WEALTHY AND CHANGING DEMAND (2)

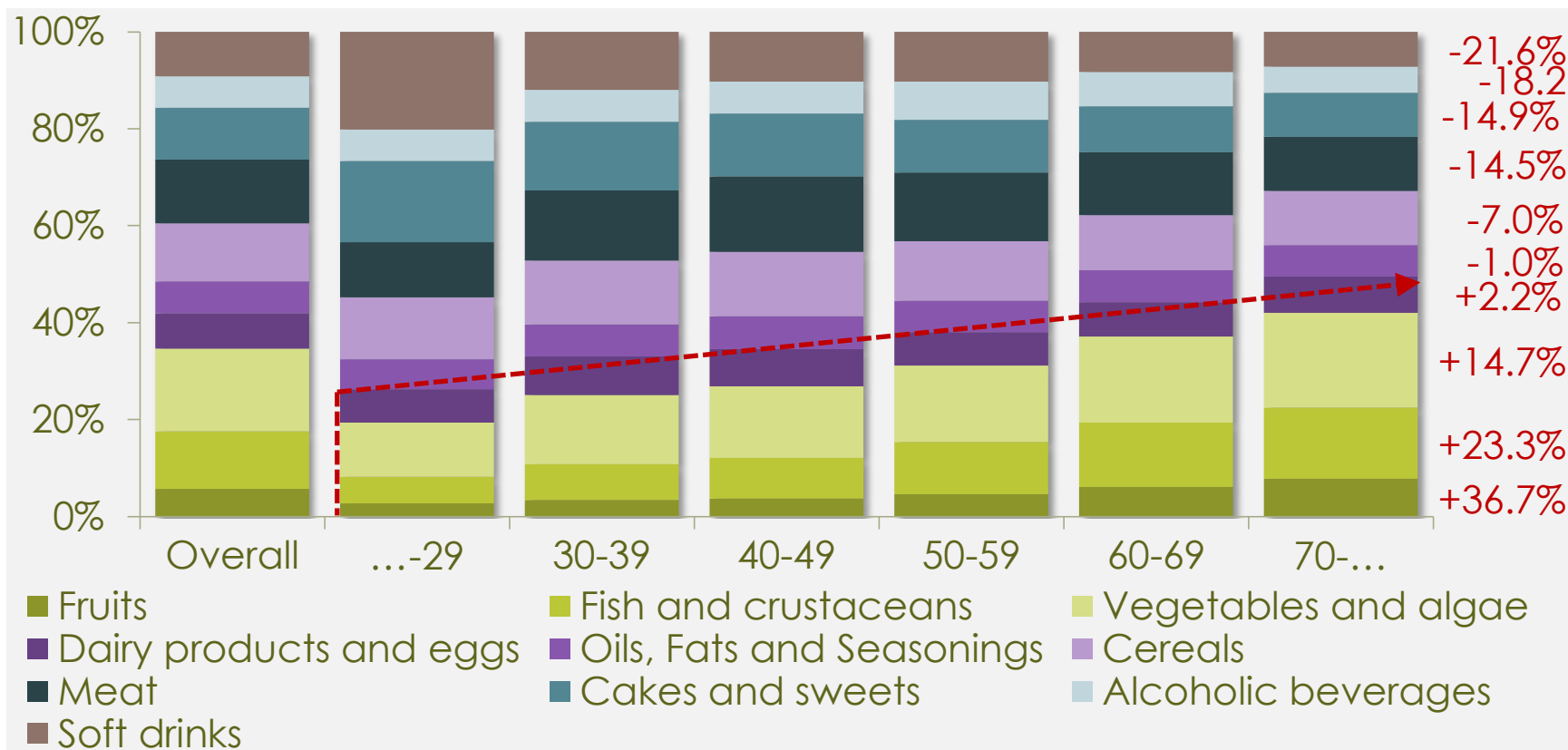
Average monthly food expenditures, per age of household's head and Engel's coefficient



Source: MIC

A LARGE, WEALTHY AND CHANGING DEMAND (3)

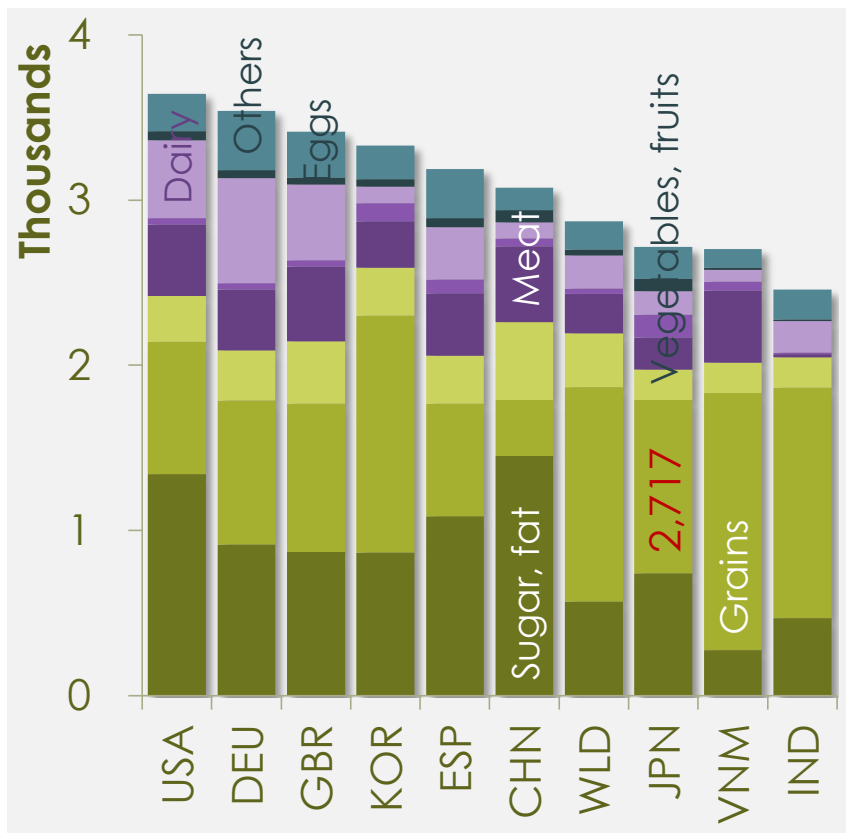
Share of monthly food expenditures for home cooking, per age of household's head, in 2016



Source: MIC

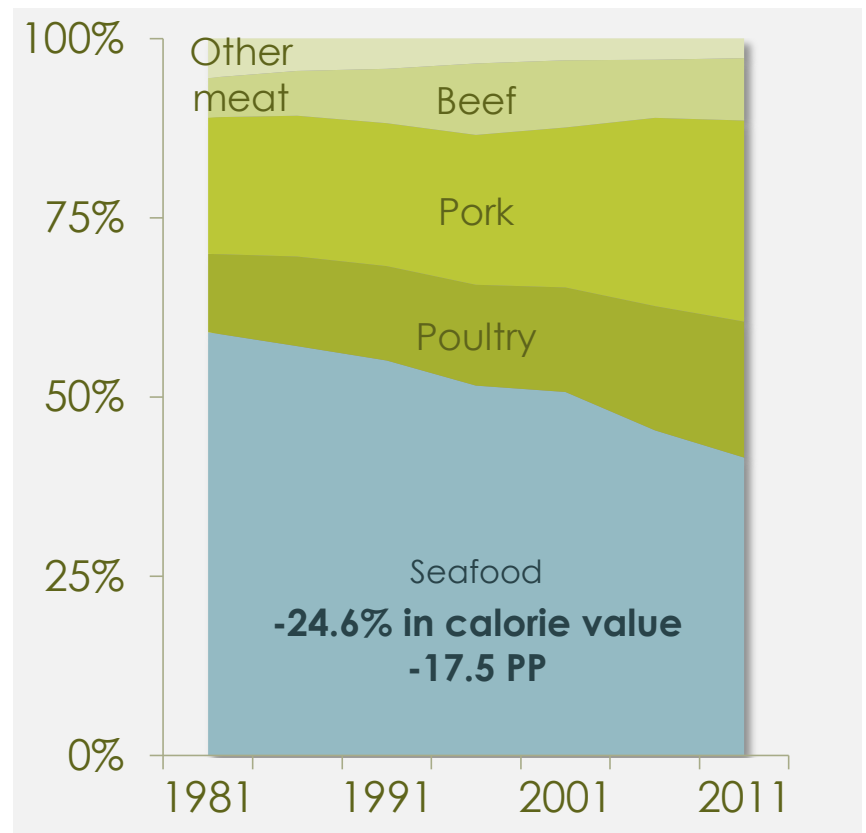
A LARGE, WEALTHY AND CHANGING DEMAND (4)

International comparisons of average calorie intake, in 2011



Source: FAO

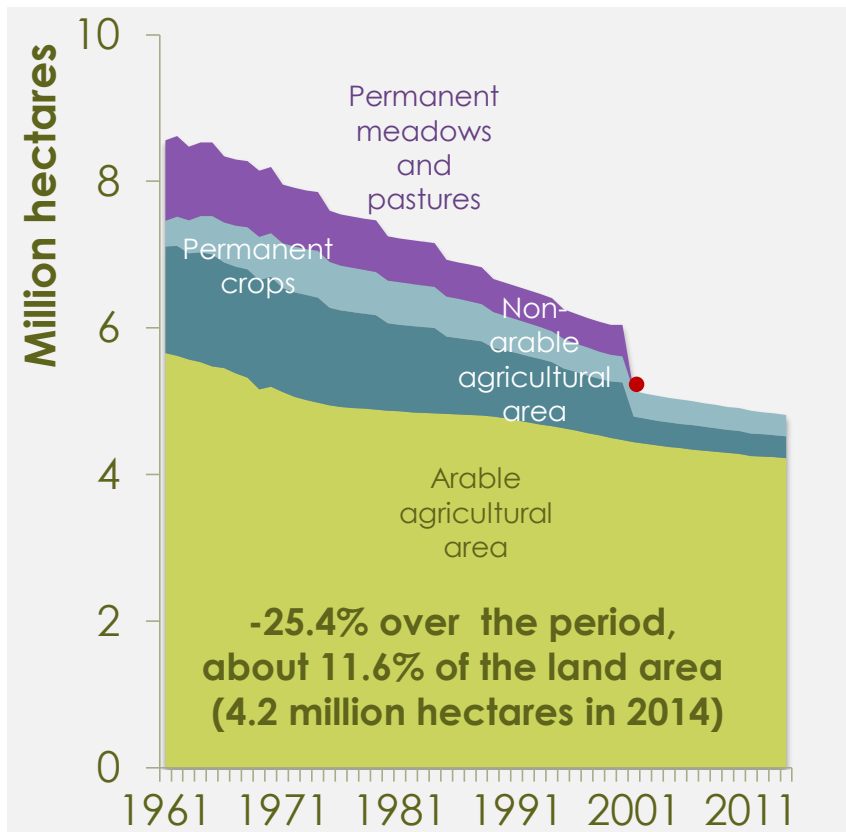
Change in seafood consumption



Source: FAO

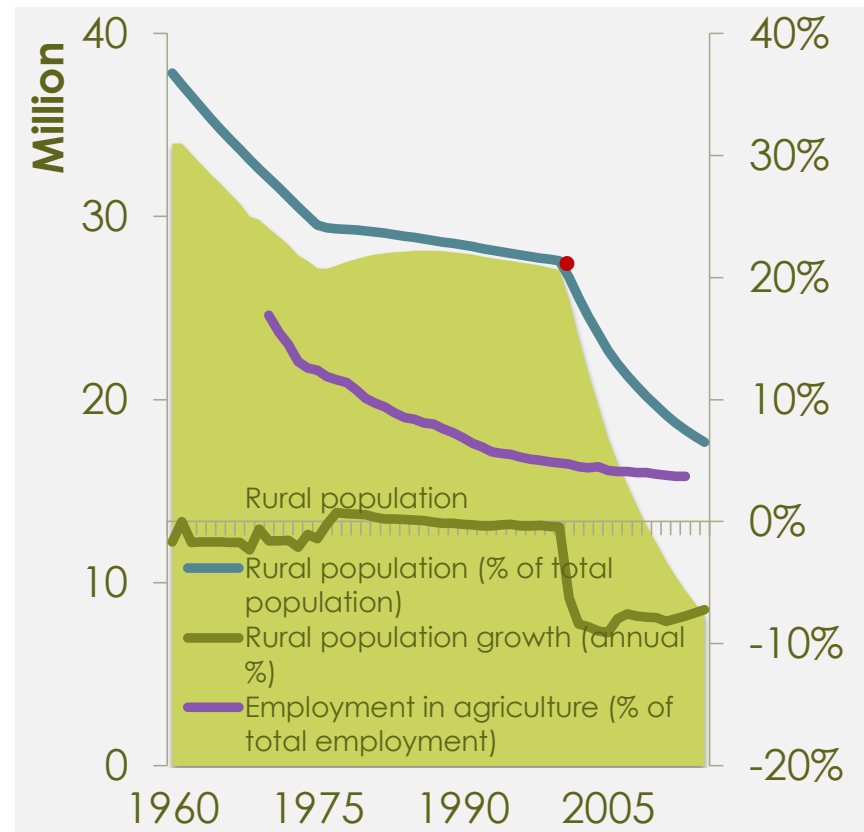
A DECLINING DOMESTIC SUPPLY

Exploitable land area, from 1961 to 2014



Source: MAFF

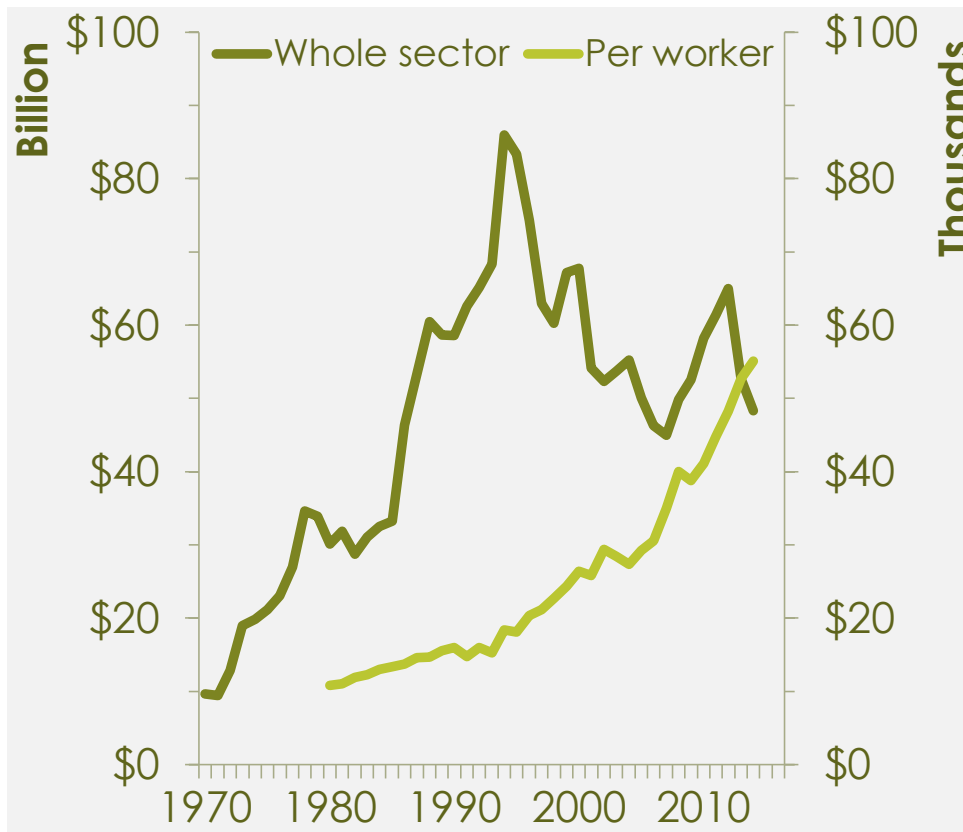
Demographic decline in rural areas, from 1960 to 2015



Source: MAFF

A DECLINING DOMESTIC SUPPLY (2)

Long-term growth in agriculture value-added



Source: World Bank

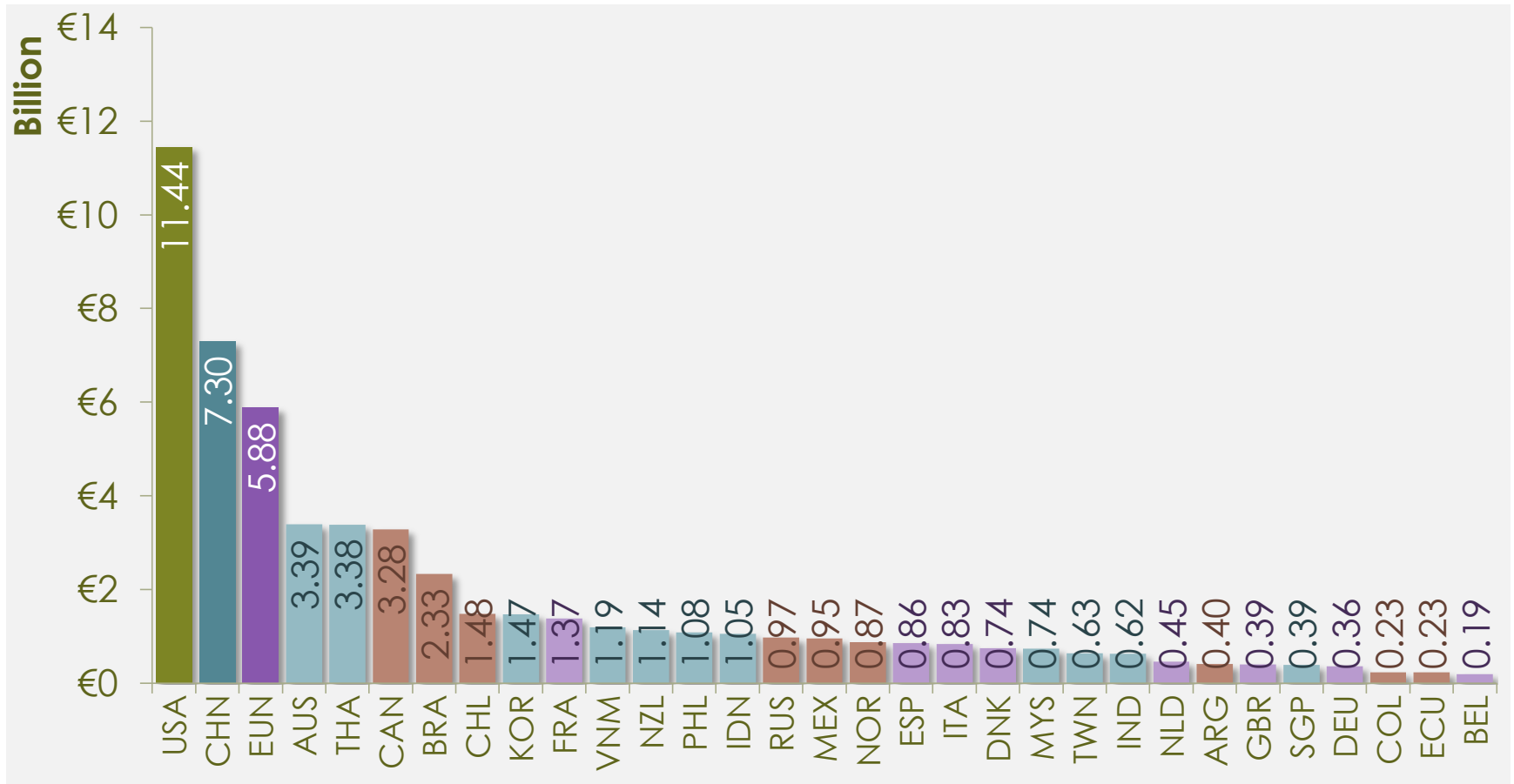
Food self-sufficiency ratios in Japan, in 2015

Total food self-sufficiency ratio based on calorific value	39
Self-sufficiency ratio of grains for food	59
Self-sufficiency ratio for feeding	27
Grains (including feed grains) self-sufficiency rate	29
Total food self-sufficiency ratio based on production volume	64

Source: MAFF

A LEADING IMPORTER OF FOOD PRODUCTS

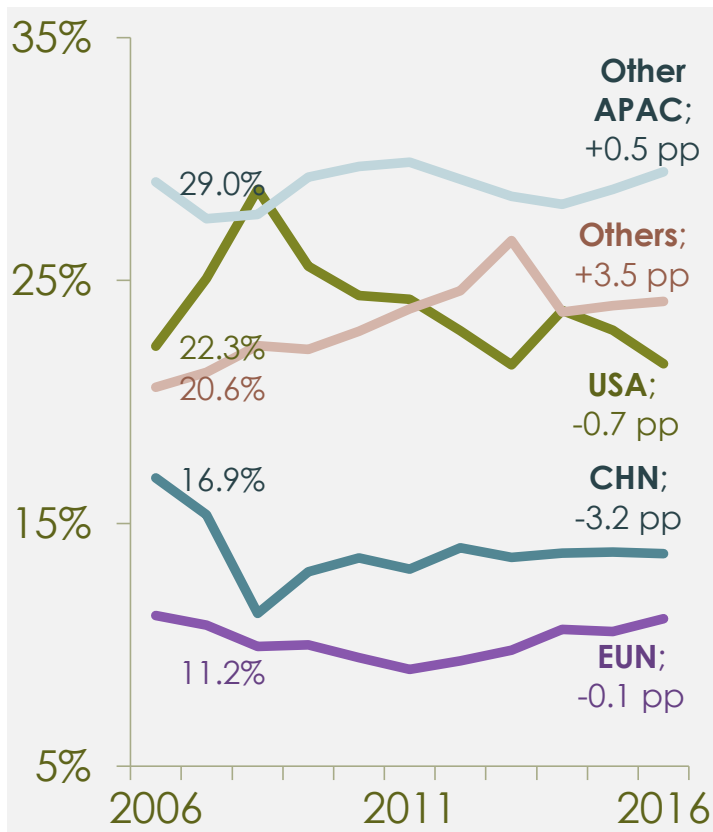
Principal supplying countries to the Japanese market



Source: MoF

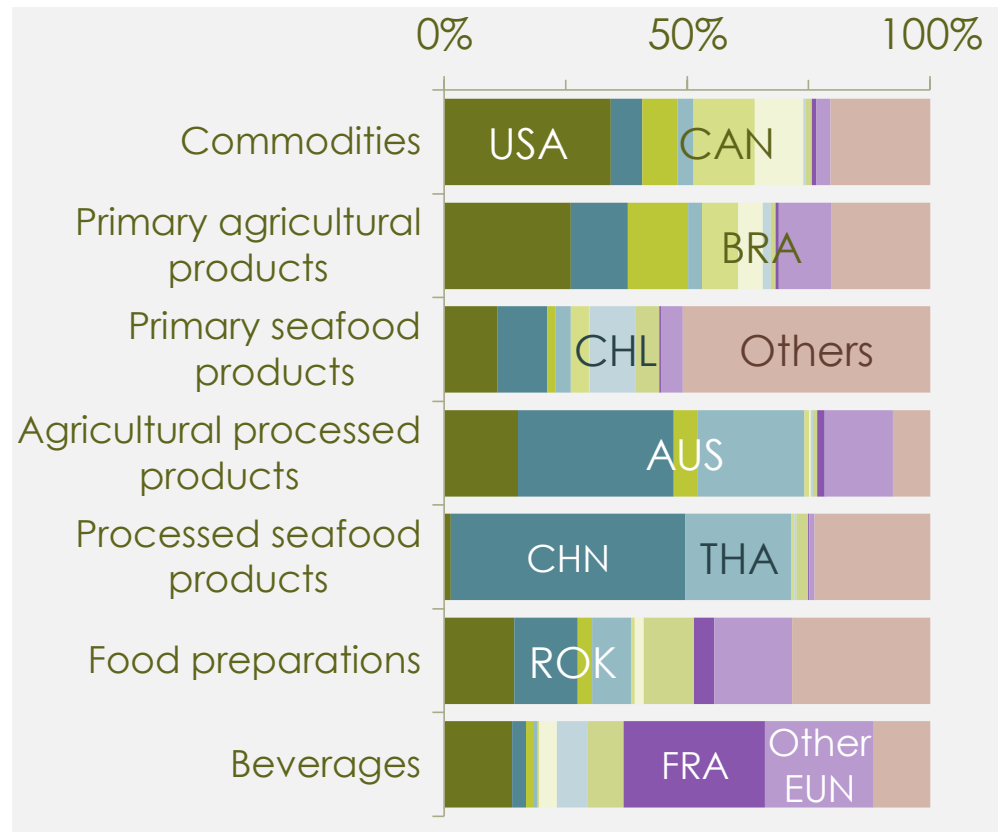
A LEADING IMPORTER OF FOOD PRODUCTS (2)

Change in import shares, by region



Source: MoF

Specialization, in percentage of imported value



Source: MoF

A LEADING IMPORTER OF FOOD PRODUCTS (3)



“Specific” products

- Mostly B2C and upscale food service
- Stronger competitions with EU countries
- Strongly differentiated
- Price matters to some extent but quality is absolutely necessary



“Undifferentiated” products

- Mostly B2B, large volumes
- Strong competition with the US, Australia, etc
- Similar products
- Price based on exceptional quality matters the most

← EU exports of food products →

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TOWARD A MORE OPEN MARKET WITH THE EU-JAPAN EPA

TRADE POLICY AS A SHIELD

International comparison of protectionist policies, in 2015

Ranking, out of 151 countries based on GCI	Trade-weighted average tariffs	Prevalence of trade barriers
JPN	36	115
USA	33	52
EUN (average)	5	40
FRA	5	76
DEU	5	64
ITA	5	48
ESP	5	86

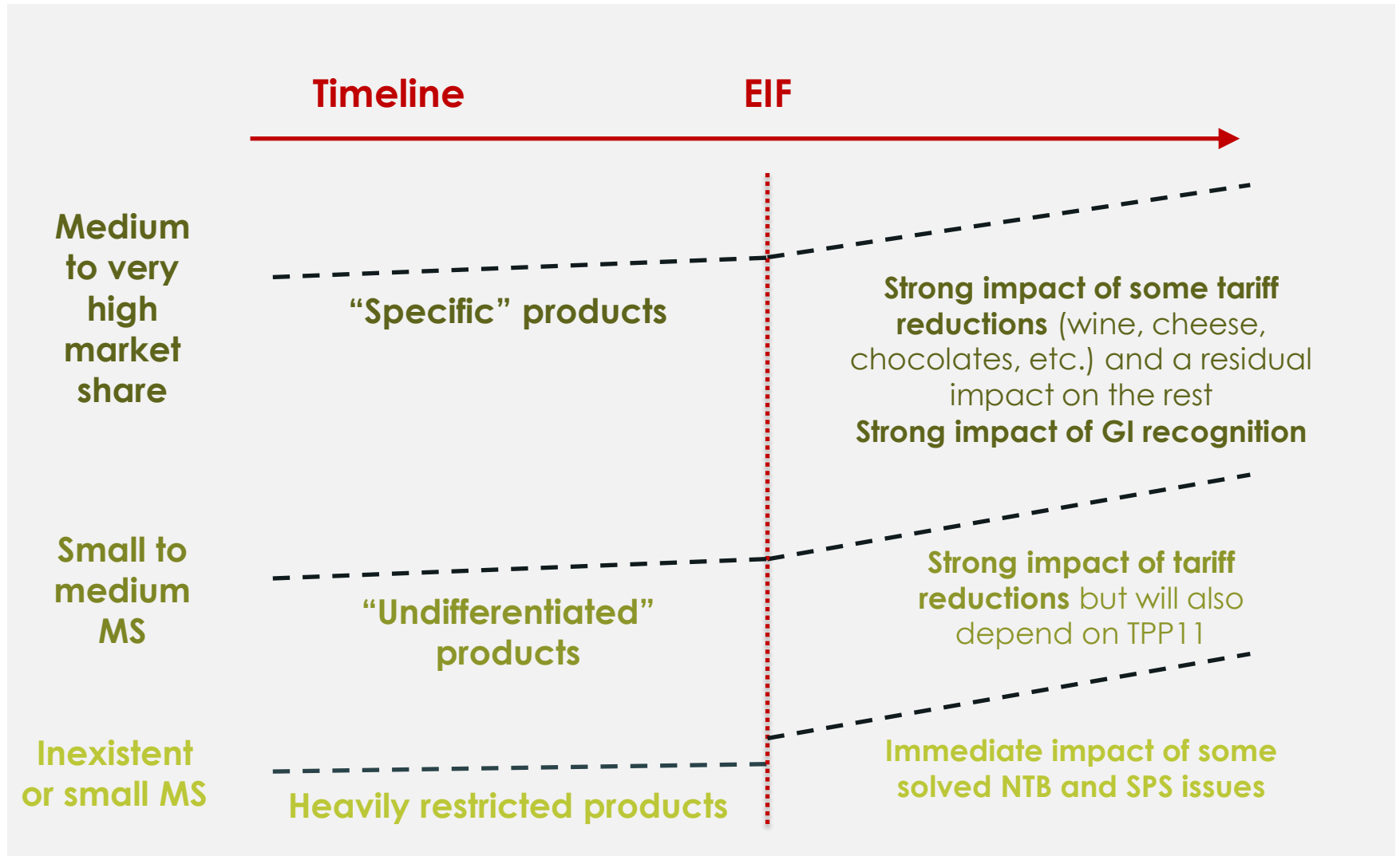
Source: WEF Global Competitiveness Report

Average tariffs effectively applied in Japan, in percentage, in 2015

Section code	JPN	EUN	USA
01	19.67%	8.11%	4.78%
02	14.93%	2.69%	2.03%
03	3.42%	3.26%	2.03%
04	11.01%	5.31%	5.70%

Source: ITC

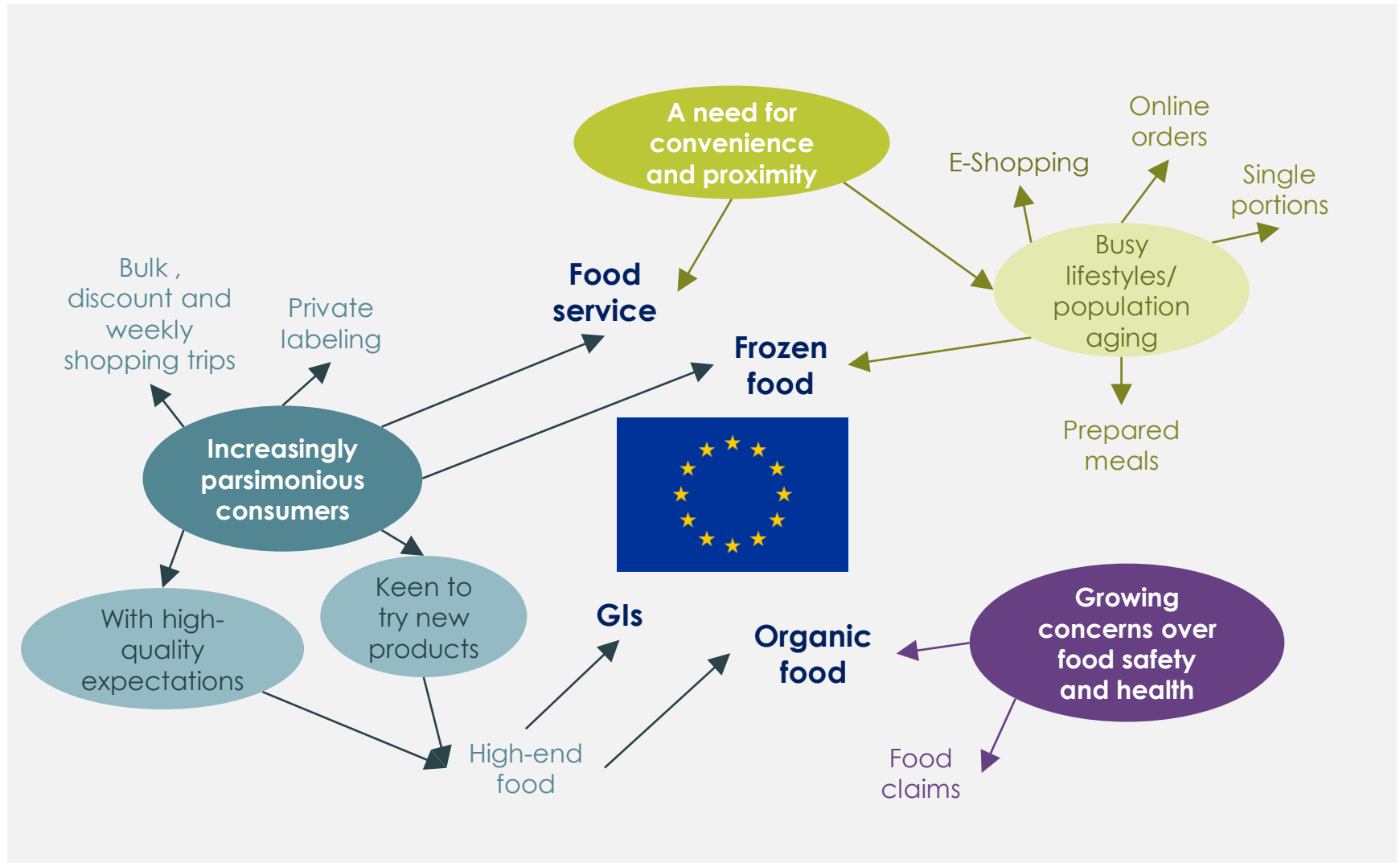
EPA BENEFITS



MARKET OPPORTUNITIES FOR EU AGRIBUSINESSES IN THE
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TRENDS AND OPPORTUNITIES IN A CHANGING MARKET

CONSUMPTION PATTERNS



MARKET OPPORTUNITIES FOR EU AGRIBUSINESSES IN THE
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RECOMMENDATIONS

RECOMMENDATIONS

Policy recommendations

1 Pursue EU level dialogues with Japan on market access issues related to food products.

2 Communicate more effectively on EU food products, especially with the EPA around the corner.

3 Raise awareness of national brands.

4 Increase educational projects or events promoting EU food culture.

Recommendations to businesses

5 Understand what makes a foreign company successful in the Japanese market.

6 Prepare yourself and your product(s) carefully and specifically for the Japanese market.

7 Diversify and expand your consumer base by competing in several segments.

8 Participate strategically in trade fairs taking place in Japan.

Conclusion

Market environment

- A **favourable economic outlook**
- A **demographic decline** which **doesn't undermine market size**
- A growing **need for food imports** (a large and wealthy demand and a declining domestic supply)
- A strong EU share in Japanese food imports and a **dual specialization able to meet the changing demand** (food expenditures, diet, consumption patterns, etc.)

Opportunities

- **Emerging trends:** frozen food, organic food, GIs and food service
- **Products benefiting from preferential terms** under the EU-Japan EPA: the largest concessions made by Japan regarding its food market.
- **No “magical” products** selling rapidly, easily and forever... but all products if adequately tailored to consumers



Q&A

William Fournel, MINERVA visiting fellow

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