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## Japan

### Fishery Products

# North Korea's Seafood Trade with Japan at Stake 2005

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**Report Highlights:**

Japan looks to increase the pressure on North Korea with economic sanctions that could drastically affect the Japanese seafood market.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Tokyo [JA1]  
[JA]

Due to increased friction in the Japan-North Korea relationship, primarily surrounding abductions of Japanese citizens by North Korea in the past, Japan has been trying to put pressure on North Korea to cooperate. The Japanese government recently decided to enact a strict interpretation of the Law on Liability for Oil Pollution Damage. This law requires that all ships making port calls in Japan be covered by Production and Indemnity (P&I) Insurance, which insures against damage to port facilities and marine products and the costs of salvaging abandoned vessels. Since only about 2.8% of North Korea's ships have the required insurance, it is expected that this will prevent many North Korean ships from being able to stop at Japanese ports, directly affecting their seafood industry. Although this law was likely aimed at North Korea, the Japanese fishing industry fears that it will also affect Russia, a major supplier of crabs to Japan, since only about 14.9% of their vessels are properly insured. Crab importers in Wakkanai, Hokkaido, where one-quarter of Japan's crabs are imported, have pooled their money in order to pay for insuring Russian ships, however not enough financing could be collected to pay for the North Korean ships. Of all the ships arriving at Japanese ports in 2002, only about 72.6% were properly insured. After March 1, 2005 all of them will be required to have this insurance.

The North Korean fishing industry could face another blow if Japan goes ahead with some of the more direct economic sanctions that it is considering. A group of Japanese lawmakers this month made a recommendation to the Japanese Government to pass a trade embargo against North Korea, focusing on baby clams, North Korea's top seafood export item bound for Japan.

A close review of the Japanese exports to North Korea during the last 5 years reveals that the dollar value of Japanese imports from North Korea has been consistently declining, accounting for only 0.04% in 2004, down 0.07% from 2001. However, that in spite of this decline, crustacean and molluscan products such as baby clams, sea urchins, fresh water clams and hard clams still play a leading role in North Korea's exports. In fact, North Korea's number one export to Japan in 2004 was short-necked baby clams, worth 36.86 million US dollars, according to Japanese Customs data. This represents almost 60% of Japan's total baby clam imports. Other major items imported into Japan from North Korea include snow crab, smokeless charcoal, men's wool suits, and matsutake mushrooms.

No official decision has yet been made by Japanese government on the enactment and implementation of such an import ban since the possible consequences of such a trade sanction are not yet clear. Some have argued that North Korea could easily bypass such a ban by exporting the seafood through China to Japan. However the Japanese Fishery Agency has begun to more closely monitor clam imports in order to prevent false country of origin labeling after scandals involving Chinese and North Korean Clams that were found to be mis-labeled as Japanese products.

However, if implemented, this sanction could evolve into a new market opportunity for seafood exporters, including some from the U.S.

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**Japanese Import Data**

Calendar Year	2000	2001	2002	2003	2004
<b>(Unit: Million USD)</b>					
<b>Total Imports from the World:</b>	379,544	349,235	337,957	383,361	455,292
% change	-	-8.0%	-3.2%	13.4%	18.8%
<b>Total Imports from North Korea.</b>	257	226	236	174	163
% change	-	-12.1%	4.4%	-26.3%	-6.3%
% share of Japan's Total Imports:	0.07%	0.07%	0.07%	0.05%	0.04%
<b>Fishery Imports from North Korea:</b>					
-Live fish & seafood	89.23	102.54	113.19	78.41	71.7
-Prepared seafood	2.79	0.96	1.91	0.99	0.57
<b>Total \$ Value:</b>	92.02	103.5	115.1	79.4	72.27
<b>% of Japan's Imports from North Korea</b>	35.8%	45.8%	48.8%	45.6%	44.3%
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<b>Japan's Leading Seafood Imports from North Korea:</b>					
1) Baby Clams	43.03	50.59	45.51	39.04	36.86
2) Sea Urchins	9.51	15.45	12.41	5.75	7.82
3) Fresh Water Clams	2.74	3.41	3.25	2.87	2.67
4) Other Crustacean & Molluscous items	1.55	0.76	1.1	0.89	0.57
5) Fish & Caviar	1.24	0.2	0.81	0.11	0
6) Hard Clams	1.41	2.02	3.19	3.35	1.54
<b>Total \$ Value:</b>	59.48	72.43	66.27	52.01	49.46
% of Total Japanese Seafood Imports from North Korea:	65%	70%	58%	66%	68%
(Source: Japanese Ministry of Treasury / Customs Clearance Data)					