

Exporting U.S. fishery products to Japan (select sections)
Commercial Service Tokyo
U.S. Embassy, Tokyo
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Selecting species to export

Japanese acceptance of imported species varies depending on the buyers' familiarity, size, quality, and prices of specific species. Key criteria are as follows:

- Species identical or very similar in appearance to those to which Japanese buyers are long accustomed to are the easiest to be accepted.
- Species that are unfamiliar to Japanese buyers will take a substantially longer period to gain acceptance.
- Salt-water species are generally better accepted or higher priced than freshwater species, with a few exceptions.
- Japanese market for canned seafood is generally limited.
- Freshness is the most important factor.
- Higher fat content is generally considered to be better

Import Methods

Consignment import for auction:

Auction houses are authorized by the Ministry of Agriculture, Forestry and Fisheries to make consignment or own-account sales through (a) auction and bidding or (b) negotiated and fixed price direct sales to middlemen and authorized wholesale buyers. The sales commissions of auction houses at central wholesale markets are fixed at 5.5 percent for marine products and those at landing ports are around three percent.

- i) **Live/fresh:** Auction houses at central wholesale markets in major cities import fish on a consignment basis for auction and remit the payment to exporters about one week after deducting a 5.5 percent commission, import duties, trucking charges, etc. Other auction houses outside major cities may not do direct importing, but they can auction fish imported by other import agents.

- ii) **Frozen:** Auction houses do not usually receive frozen fish directly from overseas. However, if the U.S. company wishes, it may negotiate with auction houses. Because imports of frozen fish involve advance financial commitment of a few months by importers, i.e. letters of credit, cold storage fees, etc., normally the auction houses use an import agent to do administrative work for them. The agent fee is about 2 percent of the invoice (CAF: cost and freight, or CIF: cost, insurance and freight) value. CAF or CIF price is determined between the exporter and the importer at a reasonable level in accordance with the Japanese market price. Besides the import agent fee, the auction house's commission is set by law at 5.5 percent of the sales at auction at central wholesale markets. However, it is around three percent of auction prices for auction house at landing ports. Consignment exports of frozen fish for auction is not recommended, because total payment may not be received for a long period. Also, over 70 percent of all frozen fish is sold to processors, supermarkets, etc. bypassing the auctions.

Check Shipping Arrangements

Contact local freight forwarders who are well experienced with overseas shipment of fresh seafood. Investigate with them the best packing material for refrigerated shipments in compliance with U.S. and international air cargo regulations. Draw up an airline schedule requiring minimum handling over the shortest shipping hours to the New Tokyo International Airport in Narita. Find out air cargo charges by weight for flights from several different airports. A special lower rate for food is applied to shipment from specific airports. Freight forwarders can assist with all this and also provide support services for preparing export documents, such as commercial invoice, packing list, airway bill, etc.

Contact Auction Houses

If the company feels it can deliver high quality fresh Tuna to the Tokyo International Airport shortly after fishing, the next step is to get in touch with the Japanese auction houses. Please refer to the attached list of auction houses for contact information.

U.S. companies can write or send fax to those auction houses for a contract form written in English. In the same letter the company should provide information about itself, its fishing grounds, fishing methods and plans for the air line shipping routes and approximate total shipping hours including lay over at each transfer point, so the auction company will have a better idea of the company's planning and fish quality.

The conditions of the contract usually include a 5.5 percent sales commission for the auction company, deductions from gross sales for

import duty, trucking charge, miscellaneous expenses, and the terms of payment. The company should also let the auction company know the names and address of its bank and the account number for receiving remittance. A good auction company usually sends information about each auction result for individual Tuna by price per kilo, and makes suggestions for quality improvement. If there is a communication problem with the auctioneer, the company should consider an agent in Japan who would oversee the customs clearance, trucking, remittance, etc., and provide better communication with the auction company. An agent would charge a commission of 3-6 percent of gross auction sales.

Getting Started

After a contract is signed with one of the auction houses, the company should plan a shipment schedule with its fishermen including delivery date and approximate quantity. Check with the freight forwarder for cargo booking conditions, and make an advance booking, if necessary.

Select High Quality Salmon

Select the best quality salmon from the landings for export. Important check points are 1) freshness, 2) bright red meat, not dull or dark, and 3) high fat content. Meat color and fat content can be checked with the tail section cut off. Chill the selected high quality fish well into the inside without freezing. Pack ice around the body as well as inside the head and the belly with gills and guts removed. Japanese fishermen do all this on board for better quality, in addition to bleeding by cutting the tail and the blood vessels behind the neck and right behind the pectoral fins.

Send Advance Notice of Shipment to the Auction House

Send preliminary shipping information by fax to the auction company including the flight number and quantity and weight of the Tuna that is being sent. After completion of the shipment, get a copy of the commercial invoice, packing list and also the airway bill number from the freight forwarder. Give this information to the auction company by fax as soon as possible, so that the auction company can arrange customs clearance, trucking, etc. in Japan.

Auction Result and Money

Auction results are available in about 24 to 36 hours, and remittance should reach the company's bank account in a week or two. The auction result shall be reported to the company by the auction house directly or through its agent. It will include price for each fish, market

conditions on the day, total tuna quantity sold, weather conditions, etc., and recommendations for any improvement.

Japanese Calendar

The Tsukiji Market closes on Sundays, all national holidays and specific customary holidays such as the first three days in January. Get a Japanese calendar from the auction company. The U.S. company should also pay attention to the arrival schedule of its fish at the Tokyo International Airport. Avoid flights that arrive in Japan on Saturday afternoon or the day before holidays. Remember arrivals from the U.S. are usually in the afternoon and the auction will be early the next morning.

Frozen fish: Fish are imported by an importer at unfixed price. (About 85% of generally agreed price is prepaid by letters of credit. The balance of net profit, after deducting import duties, trucking charge, customs costs, etc. are sent after the auction.) The fish are then sold through open auctions by an auction house at a central wholesale market. Participants at auctions are certified distributors. Distributors then sell the fish to processors. Commission for the importer is estimated at 3-10% of auction results. The sales commissions of auction houses at central wholesale markets are fixed at 5.5 percent and those at landing ports are around three percent. Distributors' mark-up is estimated at 5-10% of their sales amount. The advantage of the consignment system is transparency of the auction prices. The disadvantage is that it creates unnecessarily high or low prices due to speculation by distributors. This procedure does not always reflect processors' needs. Also, final payment adjustment may be delayed a few months after the product was exported.

Negotiated sale to processors through auction house:

Fish are imported by an importer at a fixed price. Payment to the exporter is usually made by letters of credit. The importer requests an auction house to sell the fish through negotiation on price to middlemen or distributor. Middlemen and distributors then sell the fish to processors. Importer's mark-up in this case is estimated at 5-10%. The auction house's commission is 5.5% on the sales. Distributors' mark-up is estimated at 5-10%. Prices are not strongly influenced by speculation due to one-to-one negotiation. The role of auction house is to guarantee the payment to the exporter.

Sale to processors by importer:

Fish are imported by an importer at a fixed price. Payment is usually made by letters of credit. The importer sells the fish to processors directly (or via a broker, in some cases) at a negotiated price. Importer's mark-up or commission is estimated at 5-10%. This is the most common import style as many processors are small and do

not possess internal function to manage international business correspondence and banking.

Direct sale to processors:

Fish are imported by a large processor at a fixed price. Payment is usually made by letters of credit.

Direct sale to retailers/restaurants/food services:

Fish are imported by a retail store chain, restaurant chain, or food service (or by their import subsidiary) at a fixed price. Payment is usually made by letters of credit.

Import quota (IQ)

The Japanese Government imposes import quota (IQ) on squid, Pacific herring, Atlantic herring, cod, hake, pollock, whiting, mackerel, Jack mackerel, sardine, anchovy, yellowtail, amberjack, cod roe, Alaska pollock roe, surimi of cod and cod-like fish, and seaweed.

IQ allocations are announced to public once a year for the individual species or product categories. Only companies registered in Japan are eligible to apply for IQ allocations. U.S. companies interested in exporting U.S. origin fish on the Japanese IQ list (such as squid, Pacific herring, Atlantic herring, cod, hake, pollock, whiting, mackerel, Jack mackerel, sardine, anchovy, yellowtail, amberjack, cod roe, Alaska pollock roe, surimi of cod and cod-like fish, and seaweed) are encouraged to consult with either the Commercial Specialist for the fisheries industry at the Commercial Section of the U.S. Embassy in Tokyo (1-10-5 Akasaka, Minato-ku, Tokyo 107, telephone: 81-3-3224-5077, fax: 81-3-3589-4235, and E-mail: tomohiro.asakawa@mail.doc.gov) or the Office of Industry & Trade Relations, National Marine Fisheries Service, U.S. Department of Commerce/NOAA (1315 East-West Highway, Silver Spring, MD 20910, telephone: 301-713-2379, and fax: 301-713-2384).

Food Sanitation Law

Retailers are required to indicate the origin of seafood, whether fresh or thawed, and wild or farm grown.

Standard for labeling

Article 5. The standard for labeling the foods or additives, intended for sale shall be as follows:

(1) The items given below shall be declared in a conspicuous place on the container/package (or on the wrapping for the items given in this Subparagraph and those given in Paragraph 5,6, and 11 of this Article, when the product is wrapped for retail sale) in a manner that is easily readable without opening container/package.

a. Name

b. For a food or additive whose quality may be rapidly deteriorate when preserved under the specified preserving conditions, the date (including the year) preceded by certain letters indicating "use-by date" (hereinafter "use by date" means the date which signifies the end of the period through which a food or additive is determined not to provide any health hazards resulting from the deterioration of the product, including rot and decomposition, when preserved under the specified preserving conditions). For a food or additive other than the foods or additives mentioned above, the date (including the year) preceded by certain letters indicating "date of minimum durability" (hereinafter "date of minimum durability" means the date which signifies the end of the period through which a food or additives is determined to completely retain all qualities of the product, when preserved under the specified preserving conditions) (hereinafter the date of minimum durability includes certain letters determined by the Minister of Health and Welfare to be appropriate for indicating the date of minimum durability).

c. The address of the manufacturing or processing plant (or hereinafter in this the Ministry Ordinance, in the case of an imported product, the address of the business office of its importer) and the name of the manufacturer or processor (hereinafter in this Ministerial Ordinance, in the case of an imported product, the name of its importer)(in the case of a corporation, its name).

d. For an additive preparation, the name and content (percentage by weight) of each ingredient (excluding ingredients used for flavoring)(when an ingredient is a vitamin A derivative, the percentage by weight as vitamin A).

e. For a food which contains additives used for one or more of the purposes listed in the middle column of Table 5 [excluding substances used for fortifying nutrition, processing aids ("processing aids" means substances added to a food in processing the food which are: (1) removed from the food before the completion of the food, (2) components in the food but do not significantly increase the amounts of the components, or (3) present in the finished food at insignificant levels but do not have any technical or functional effect of these components on the food), and carry-overs ("carry over" means substances which are used in manufacturing or processing raw materials of a food and not used in manufacturing or processing the food and which are present in the finished food at levels less than those normally required to achieve any technical or functional effect in the food)], the names of these additives and one of the appropriate items listed in the right column of the same Table. For a food containing additives which are not mentioned above, the names of these additives.

f. The method of preserving (for a food or additive for which standards for methods of preserving have been established pursuant to the provisions of Article 7 Paragraph 1 of the Law, the method complying with such standard), and for a food or additive for which standards for methods of use have been established pursuant to the provisions of the same Paragraph, the method of use complying with such standards.

g. For an additive, the words "Shokuhin tenka-butsu (Embassy note: original English text indicates this in Japanese character)" in Japanese.

x. For a frozen food requiring heating before consumption (hereinafter this means a product obtained by freezing a manufactured or processed food, which requires heating before consumption), as statement of whether or not the food was heated just before it was frozen.

(2) The labeling of the items given in the preceding Subparagraph shall be presented accurately in Japanese using wording easily readable and understandable to ordinary buyers or users of these foods or additives.

Hygienic requirement:

Hygienic inspections are required for all raw/live seafood from overseas. However, these inspections for seafood imported from industrialized nations are normally physical inspections only and do not require bacteriological inspections, with the exception of vibrios on raw shellfish during July through October. Inspectors at airports inspect samples of raw/live finfish and shellfish selected randomly from a shipment. They check the appearance, odor, body temperatures, etc. for signs of deterioration. Raw seafood in a high degree of freshness must have a low level of coliform, E coli, etc. If all samples are judged to be safe for human consumption, the Ministry of Health and Welfare (MHW) will release the shipment and no hygienic analysis is performed. This kind of physical and visual inspection is usually accurate and takes less time than laboratory analysis, and facilitates quick movement of the seafood to market. With frozen seafood, on the other hand, it is usually difficult to detect the degree of freshness by appearance or odor and a bacteriological analysis is required.

Export/import documents

The following documents are normally required when exporting live/fresh seafood to Japan:

a) Shipper's export declaration

A shipper's export declaration is prepared in the U.S. before export. Copies are forwarded to the National Marine Fisheries Service and the International Trade Administration of the U.S. Department of Commerce. This document is normally prepared and forwarded to appropriate agencies by international freight forwarders on behalf of the exporter.

b) Commercial invoice and export packing list

A commercial invoice and packing list are prepared by the exporter (or international freight forwarder on behalf of the exporter). Copies are submitted to the customs office. Please note that you must list every product, quantities for each product, each unit price, and total value for the invoice. Prices and total value must clearly indicate whether they are FOB or CIF. A packing list must include the names of every product (if practical, scientific names should be added), and the quantities of each product. All numbers on the invoice and packing list must match up.

c) Airway bill

An airway bill is prepared by either an international freight forwarder or airline. Upon arrival, the airline will forward the shipment to a customs broker designated by the importer, and the airway bill is used to claim the shipment from the airline.

d) Insurance certificate (optional)

Insurance is not required by the governments of the U.S. or Japan. Insurance coverage should be decided between exporters and importers. Most insurance policies, however, do not cover live seafood due to high mortality risk.

e) Certificate of origin (optional)

Some Japanese importers may request a certificate of origin, although it is not normally required by the Japanese government for imports of U.S. seafood. It is, however, required for importing marine products listed in CITES appendices. If exporting such products of non-U.S. origin, re-export permits are issued by the U.S. Department of Interior.

f) Health certificate (optional)

The Japanese Ministry of Health and Welfare (MHW) does not list the U.S. as a contaminated region and does not normally require a health certificate for seafood imported from the U.S. However, it is true that this document often helps facilitate customs clearance.

g) Export permit document or a certificate of re-export

A package of commercial invoice, export packing list, airway bill, and optional documents (insurance certificate, certificate of origin, and health certificate), etc. usually accompany the cargo. This is normally arranged by international freight forwarders.

Upon arrival, a Japanese customs broker hired by the importer receives cargo from the airline. He then facilitates customs clearance on behalf of the importer by preparing necessary documents such as a food import declaration for MHW, arranges product inspection for the quarantine office and customs office, and advances import duties. The imported products are then forwarded to a warehouse or central wholesale market designated by the importer.

The above documents are also presented to the importer's bank to release funds from the importer's account if a letter of credit has been established.

Import tariff

Call 907-271-6237 for quote.