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Fishery Products

Japan Fishery Products Annual Report 2006

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Report Highlights:

Japan's domestic fishery sector, like its agriculture sector overall, is on the decline. As a result, domestic production has been decreasing and in 2005 was down slightly to 5.72 mmt. As a result of the decline in local fish, imports have been on the rise. In 2005, imports to this the world's largest importer of fishery products were up 2% to \$12.62 billion. The U.S. is Japan's second largest supplier after China with U.S. exports of \$1.45 billion last year. Efforts are underway to promote Japanese fishery products and boost production however it is unlikely we will see a major reversal in this trend.

Includes PSD Changes: No
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Annual Report
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Table of Contents

I. Situation and Outlook	3
Production.....	3
Import market	4
II. Statistical Tables	5
1) Salmon & Trout	5
2) Sockeye Salmon.....	7
3) Sujiko (Hard Salmon Roes).....	8
4) Ikura (Prepared Salmon Eggs)	9
5) Surimi (Fish Paste).....	10
6) Cod & Pollock Roes.....	11
7) Tariff	12
III. Narrative on Policy, Marketing and Market Access Barriers	13
Policy.....	13
Marketing	13
Market Access Barriers	15

I. Situation and Outlook

Production

Japan's fishery and aquaculture production was 5,719,000 metric tons in 2005, a decrease of 57,000 metric tons (1.0%) from the previous year. Production from fishery and sea culture was 5,623,000 metric tons. Although mackerel increased substantially, anchovy, Japanese horse mackerel, Pollack, Atka mackerel, scallop and salmon decreased so total production decreased.

Fish catches and production of inland water fishery and culture was 96,000 tons in 2005. Salmon, trout and freshwater clam decreased in inland water fishery and eel decreased in inland water culture. So total inland water fishing and culture decreased by 10,000 metric tons (9.6%) in 2005.

Fishery and Aquaculture Production (000 metric tons)				
Category	2005	2004	Change	% Change 05/04
Fishery and Aquaculture Production Total	5,719	5,776	-57	-1.0%
1) Seawater Fishery and culture total	5,623	5,670	-47	-0.8%
Seawater Fishery	4,412	4,455	-43	-1.0%
Seawater Culture	1,211	1,215	-4	-0.3%
Inland Water Fishing and Culture total	96	106	-10	-9.6%
2) Inland Water Fishing	54	60	-6	-10.3%
3) Inland Water Culture	42	46	-4	-8.7%

1) All Fishery Catch and production in Seawater

2) Catch in major 106 rivers and 24 lakes.

3) Catch of major 4 species. (Trout, sweet smelt, carp and eel)

<http://www.maff.go.jp/toukei/sokuhou/data/gyogyou-yousyoku2005/gyogyou-yousyoku2005.pdf>

The fishery products self-sufficiency rate peaked at 113% in 1964 and it has been falling since. It was 55% in 2004. In order to meet domestic consumption, import volume has been increasing every year.

This decrease in production reflects a downward trend in the fisheries sector in Japan. The number of seawater fisheries and aquaculture operations declined by 2% in 2004 from the previous year to 130,000, of which 95% are coastal fishery operations mainly run by family labor. The number of fishery workers was 222,510 in 2005 and declined by 8,490 (3.7%) from the previous year because of closures and the overall reduction in business due to drop in catch. The number has been on a steady decline, down 26% from 301,430 in 1995 and this trend is expected to continue.

Japan had 2,515 fisheries cooperatives in 2004. The operations of fisheries cooperatives are also threatened by the recent deterioration of the fishing industry. Three quarters of the Cooperatives are running deficit and efforts are underway to merge in order to enhance their business infrastructure.

The recent surge in crude oil prices has hurt the fishing industry, as well. The price of "A-heavy" fuel oil in December 2005 was more than double to that of the average in 2000. In the fisheries industry, this price rise has been seriously affecting fishery management,

because the proportion of fuel cost in the total cost is higher compared to other industries due to delay in adopting energy conservation measures and difficulty passing the cost on via higher fish prices. The case is particularly serious for distant fisheries operations whose fuel cost reportedly increased about 20 million yen (USD 181,000) per boat per trip. About 20 % out of total 500 boats in Japan will likely be retired in 2006.

In addition to the economic reasons for the decline in the vitality of fishing villages there is also the overall social trend away from fisheries/agriculture and toward big cities. As a result, the number of male workers over 60 years old was 193,000, or 46.8% of total workers. It is a real challenge to secure a young labor force.

Import market

Japanese fishery products imports in 2005 increased 1.9% in amount over the previous year. Japanese fishery products imports account for \$12.62 billion dollars, or 18% in import value and 3.2 million metric tons in the world fisheries trade in 2003. Japan has been the largest fisheries import country in the world with 11% of total world imports.

Major Fishery Products Import Volume and Amount 1000 MT, Value 100 million yen)						(Weight:	
	1994	1999	2003	2004	2005	Comp. Ratio	% Change 05/04
Volume total	3,296	3,416	3,325	3,485	NA		NA
Value total	17,091	17,395	15,692	16,371	16,683	100%	1.9%
Shrimp	3,753	3,049	2,481	2,380	2,352	14%	-1.2%
Tuna	1,865	2,305	2,229	2,337	2,152	13%	-7.9%
Salmon & Trout	1,313	1,340	1,016	1,036	1,095	7%	5.7%
Crab	1,229	1,049	854	807	690	4%	-14.5%
Other	8,931	9,652	9,112	9,811	10,394	62%	5.9%

(Source: Ministry of Finance "Trade Statistics")

Japan's major imported fishery products are shrimp, tuna and marlin, salmon and trout, crab, processed eels, cod and Pollock roes and processed shrimp. These items account for about half of total fishery product imports. China has been the largest fishery products supplier in volume and value since 1998. Imports increased 78,000 metric ton (13%) and 50 billion yen (17%) in 2004 over the previous year. Fishery products imports from the United States were 157 billion yen (USD 1.45 billion, or 9.6% share) in 2005 and the U.S. ranked second after China (354 billion yen, 21.3% share) as the biggest supplier.

II. Statistical Tables

For HS codes please see Table 7. Tariff Table

1) Salmon & Trout

Salmon and Trout Imports into Japan							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2004	2005	05/04	2004	2005	05/04
0	World	239,545	224,827	-6.1	959.721	993.505	3.5
1	Chile	122,617	112,492	-8.3	412.522	450.465	9.2
2	U. S. A.	32,672	33,009	1.0	138.689	155.952	12.5
3	Norway	43,003	32,635	-24.1	219.493	184.822	-15.8
4	Russia	25,128	31,982	27.3	108.893	127.229	16.8
5	Canada	6,645	7,410	11.5	33.007	37.205	12.7

Salmon and Trout Imports into Japan: 6-month Update (Jan-Jun)							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2005	2006	06/05	2005	2006	06/05
0	World	103,165	107,386	4.1	440.603	479.738	8.9
1	Chile	73,529	78,695	7.0	282.015	320.494	13.6
2	Norway	17,827	14,285	-19.9	99.005	91.055	-8.0
3	U. S. A.	3,660	5,848	59.8	16.704	23.375	39.9
4	Russia	1,766	3,554	101.2	8.975	13.950	55.4
5	Canada	2,604	2,351	-9.7	13.738	17.166	25.0

(Source: Japan Customs (WTA))

Salmon and Trout Exports from Japan							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2004	2005	05/04	2004	2005	05/04
0	World	61,360	65,959	7.5	84.710	128.454	51.6
1	China	50,524	56,606	12.0	70.162	114.096	62.6
2	Thailand	5,675	5,677	0.0	7.146	7.536	5.5
3	Korea, South	2,168	1,586	-26.9	3.137	3.523	12.3
4	Taiwan	2,050	1,364	-33.4	2.853	2.325	-18.5
5	Vietnam	153	574	276.4	0.308	0.752	143.9

Salmon and Trout Exports from Japan: 6-month Update (Jan-Jun)							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2005	2006	05/06	2005	2006	05/06
0	World	15,447	15,095	-2.3	21.121	29.812	41.2
1	China	12,944	12,068	-6.8	17.292	24.806	43.5
2	Thailand	1,314	2,056	56.5	1.891	3.493	84.7
3	Vietnam	222	386	73.4	0.283	0.455	60.8
4	Taiwan	482	333	-30.9	0.536	0.364	-32.1
5	Korea, South	418	218	-47.8	1.010	0.640	-36.6

(Source: Japan Customs (WTA))

2) Sockeye Salmon

Sockeye Salmon and Trout Imports into Japan							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2004	2005	- 05/04 -	2004	2005	05/04
0	World	51,525	55,602	7.9	234.959	255.610	8.8
1	U.S.A.	30,980	30,213	-2.5	127.742	142.115	11.3
2	Russia	18,827	24,759	31.5	95.424	109.399	14.7
3	Canada	1,691	510	-69.8	11.694	3.473	-70.3
4	China	0	75	0	0.000	0.456	0
5	Korea, South	0	46	0	0.000	0.166	0

Sockeye Salmon and Trout Imports from Japan: 6-month Update (Jan-Jun)							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2005	2006	05/06	2005	2006	05/06
0	World	4,299	8,124	89.0	20.610	31.983	55.2
1	U.S.A.	2,946	5,429	84.3	13.019	20.830	60.0
2	Russia	1,207	2,663	120.7	6.870	10.973	59.7
3	Canada	106	32	-69.5	0.490	0.181	-63.2
4	Korea, South	0	0	0	0.000	0.000	0
5	China	41	0	-100.0	0.231	0.000	-100.0

(Source: Japan Customs (WTA))

3) Sujiko (Hard Salmon Roes)

Sujiko (Hard Salmon Roes) Imports into Japan							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2004	2005	04/05	2004	2005	04/05
0	World	4,322	4,812	11.4	50.420	59.638	18.3
1	U.S.A.	3,287	3,699	12.5	28.209	35.063	24.3
2	Denmark	777	922	18.8	18.075	21.445	18.7
3	Finland	80	76	-5.08	1.882	1.697	-9.8
4	Norway	35	43	23.5	0.712	0.724	1.7
5	Canada	77	39	-49.4	0.645	0.279	-56.7

Sujiko (Hard Salmon Roes) Imports into Japan: 6-month Update (Jan-Jun)							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2005	2006	05/06	2005	2006	05/06
0	World	1,094	1,060	-3.0	23.662	20.231	-14.5
1	Denmark	801	791	-1.2	18.880	15.781	-16.4
2	Norway	43	115	165.0	0.724	2.090	188.7
3	Finland	74	93	26.2	1.649	1.495	-9.4
4	U.S.A.	158	61	-61.0	2.184	0.866	-60.4

(Source: Japan Customs (WTA))

4) Ikura (Prepared Salmon Eggs)

Ikura (Prepared Salmon Eggs) Imports into Japan							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2004	2005	04/05	2004	2005	04/05
0	World	4,474	2,564	-42.7	74.291	38.220	-48.6
1	U.S.A.	3,155	1,719	-45.5	53.076	25.301	-52.3
2	China	610	422	-30.7	10.407	6.933	-33.4
3	Canada	684	410	-40.1	10.316	5.675	-45.0
4	Finland	5	7	32.6	0.107	0.138	29.8
5	Thailand	0	4	0.0	0.135	0.083	-38.3

Ikura (Prepared Salmon Eggs) Imports into Japan: 6-month Update (Jan-Jun)							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2005	2006	05/06	2005	2006	05/06
0	World	350	441	25.8	6.319	6.540	3.5
1	China	213	175	-18.1	3.849	2.381	-38.1
2	U.S.A.	119	173	45.4	2.150	2.876	33.7
3	Canada	9	88	830.5	0.149	1.161	680.0
4	Thailand	4	3	-16.7	0.066	0.048	-27.8
5	Finland	5	2	-58.3	0.096	0.036	-62.4

(Source: Japan Customs (WTA))

5) Surimi (Fish Paste)

Surimi (Fish Paste) Imports into Japan							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2004	2005	04/05	2004	2005	04/05
0	World	309,392	317,841	2.7	590.951	737.526	24.8
1	U.S.A.	138,407	128,525	-7.1	238.811	298.522	25.0
2	Thailand	81,117	77,913	-4.0	142.832	158.354	10.9
3	India	17,842	30,681	72.0	27.691	58.876	112.6
4	China	20,612	26,681	29.4	70.338	79.049	12.4
5	Argentina	19,834	12,328	-37.9	34.504	28.429	-17.6

Surimi (Fish Paste) Imports into Japan: 6-month Update (Jan-Jun)							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2005	2006	05/06	2005	2006	05/06
0	World	147,424	136,993	-7.1	333.019	321.067	-3.6
1	U.S.A.	51,388	50,558	-1.6	115.199	119.179	3.5
2	Thailand	40,979	34,835	-15.0	81.730	69.324	-15.2
3	India	20,467	14,888	-27.3	39.475	25.687	-34.9
4	China	12,234	11,145	-8.9	39.236	34.858	-11.2
5	Argentina	6,461	7,335	13.5	13.893	18.182	30.9

(Source: Japan Customs (WTA))

6) Cod & Pollock Roes

Cod & Pollock Roes Imports into Japan							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2004	2005	04/05	2004	2005	04/05
0	World	48,603	53,347	9.8	690.803	737.640	6.8
1	U.S.A.	23,684	24,490	3.4	323.148	333.578	3.2
2	Russia	13,267	16,904	27.4	195.474	219.332	12.2
3	China	7,348	8,288	12.8	115.567	138.508	19.9
4	Korea, South	3,407	2,793	-18.0	52.467	42.336	-19.3
5	Iceland	269	377	40.2	1.311	1.473	12.3

Cod & Pollock Roes Imports into Japan: 6-month Update (Jan-Jun)							
Rank	Country	Quantity (MT)		% Change	\$ Value (US \$ million)		% Change
		2005	2006	05/06	2005	2006	05/06
0	World	40,677	41,727	2.6	569.734	445.005	-21.9
1	U.S.A.	21,213	24,964	17.7	296.198	260.631	-12.0
2	Russia	13,832	10,798	-21.9	182.195	93.803	-48.5
3	China	3,935	4,385	11.5	67.780	68.312	0.8
4	Korea, South	1,214	1,343	10.7	21.223	20.963	-1.2
5	Iceland	288	195	-32.2	1.220	1.132	-7.2

(Source: Japan Customs (WTA))

7) Tariff

The table below shows the import duties levied on fisheries products. There was no change in tariff rates since last year.

Tariff for Fishery Products			
Category	Item	HS Code (Harmonized System)	Tariff Rates (WTO)
Salmon & Trout	Trout, Fresh, Chilled	030211	3.5%
	Salmon, Pac, Atl & Danube	030212	3.5%
	Salmonidae, Nesoi, Fresh or Chilled	030219	3.5%
	Sockeye Salmon	030311	3.5%
	Pacific Salmon	030319	3.5%
	Trout, Frozen	030321	3.5%
	Atlantic and Danube Salmon	030322	3.5%
	Salmonidae, Nesoi, Frozen	030329	3.5%
Sujiko	Hard Roes of Dalmonidae	030520030	3.5%
Ikura	Caviar and Caviar Substitutes (Ikura)	160430010	6.4%
Surimi	Surimi of Taragra Chalcogramma, Frozen	030490013	6.0%
	Surimi of Trara, Excluding Taraga Chalcogramma, Frozen	030490014	6.0%
	Fish Meat of Buri (Seriola spp.), Saba (Scomber Spp.)	030490020	6.0%
	Itoyori, Surimi, Frozen	030490095	3.5%
	Fish Meat of Other Fish, Frozen	030490099	3.5%
Cod & Pollock Roes	Hard Roes of Tara (Gradus spp., Theragra spp.), Fresh or Chilled	030270020	5.6%
	Hard Roes of Tara (Gradus spp., Theragra spp.), Frozen	030380020	6.0%
	Hard Roes of Tara (Gradus spp., Theragra spp.), Salted	030520020	7.5%
	Hard Roes of Tara (Gradus spp., Theragra spp.), Prepared or Preserved, In Airtight Container	160420013	9.0%

(Source: Customs Tariff Schedule of Japan)

III. Narrative on Policy, Marketing and Market Access Barriers

Policy

Fishery products labeling was introduced after the Japan Agricultural Standards (JAS) Law was revised in 1999. Country of origin or local origin labeling started from July 1, 2000 for fresh fisheries products. It is required to show "Name" and "land of origin". As for fisheries processed food, "name", "material", "use-by date" and "storage condition" were required to be shown as of April 1, 2000. Material place of origin has been required for six fisheries processed food items such as dried Japanese horse mackerel, salted mackerel, dry brown seaweed, salted brown seaweed, shavings of dried bonito and broiled eel. In addition to that, another six fisheries processed food product groups such as lightly-dried, salted, seasoned, boiled or steamed, lightly-roasted and batter coated will be required to show material place of origin from October, 2006. Those items and product groups are not heavily imported from the United States. MAFF has established guidelines for the labeling of place of origin of ingredients used in the food service industry. However, this is a guideline so is not mandatory.

Japan and Chile agreed to an Economic Partnership Agreement (EPA) framework on September 22, 2006. Market access for Chilean farm, forestry and fishery commodities were among the products under negotiation. In the fishery products sector, "silver salmon & trout" (HS code: 030319010, tariff: 3.5%) and "frozen sea urchin" (HS code: 030799131, tariff: 7%) will be exempted in 10 and 15 years respectively. Chile exported 98% and 95% of Japan's total imports respectively in 2005. So this agreement should not have a major impact on U. S. sales to Japan.

Marketing

Due to intense competition from imports and in an effort to keep the domestic fisheries sector viable, the domestic industry has undertaken several initiatives to differentiate its product to the market. For example, one fishery cooperative in Fukushima Prefecture started a direct business with large supermarket chains in the Tokyo metropolitan area. Thus, they bypass the auction market where buyers typically control price. This new promotional activity enables cooperative members to negotiate prices with supermarket buyers directly so that they can get a more favorable price. Reportedly, their selling price could increase 30% from that of auction at a local market. Also they are supporting supermarkets' efforts to remodel their fishing counters to resemble a fresh fish store, and handle whole fish instead of plastic wrapped slices. They cut fish at the counter to meet customers' requests. The stores with new fishing counters have increased sales 4 to 5 times.

Silver salmon producers Miyagi Prefecture have developed a branding program in order to improve already strong sales (current production volume share is over 90% in Japan). The producers have registered a brand name, "Date no gin" or "Silver from Date" (a region in Miyagi Prefecture). In addition, they have co-developed with a feed company a new feed specially designed for silver salmon. This feed allegedly can keep water clean and can reduce fish drug residues since the new feed has good digestibility. The quality of fish meat has improved, they say, by reducing excess fat and fish meat shrinkage. Another aspect of their marketing plan is provision of production history data, such as

name of producer, contact information, name of feed and raw material, location of fish preserve and place to obtain young fish on their website. These efforts to compete against imported salmon and trout by differentiating their product have been successful, as “Date no gin” has a good reputation among mass retailers and food-service industry not only because of quality but also attention to food safety.

Karo Ichi, a fish market in Karo Port, Tottori Prefecture, has successfully transitioned to a new tourist spot selling local-catch fish. They achieved their targeted annual sales, one billion yen (USD 9.2 million) and annual visitors of half a million people in the second year. They are also promoting local consumption of local products, a.k.a. “Chisan Chishou”, to sell fresh fisheries products and vegetables to local customers.

Buyer Behavior and Food Safety Awareness

According to a survey by the Ministry of Agriculture, Forestry and Fisheries in 2004, the most important factor when consumers choose fresh fishery products and vegetables is “freshness or the degree of deterioration”. Sixty percent of people answered that “traceability of food” was important and if one adds the percentage of consumers who said it was “somewhat important” the total increases to more than 90%. The majority of people prefer to obtain producer information from labels on packages at the store even if information is available in website. In addition to freshness and traceability, the older generation tends to attach weight to “quality” while younger generation to “price”.

MAFF, the Food Safety Commission, and MHLW have coordinated on food safety “town hall meetings” throughout the nation and promoted risk communications on food safety. Efforts to discuss risk and food safety started in 2003 due to a string of incidents after which the reliability of food safety wavered. As for fishery products, the sessions in 2004 provided information about nutrition, functional ingredients and substances that could negatively affect human health. Given Japan’s aging population food safety concerns will be growing further.

New market opportunities

In addition to these grass roots campaigns, the international sustainability movement is making small inroads in Japan. Fishery products with a “Marine Eco Label” have started to appear in a handful of Japanese supermarkets. The label aims to assure shoppers that the fish were caught in an ecological and sustainable manner.

In April 2006, Kamewa Shoten, a middle trader in Tokyo’s famous Tsukiji market, received the first Marine Steward Ship Council (MSC) “Chain of Custody (COC) Certification” in Japan for its Alaska salmon imports. They also received COC certification for Alaskan Black Cod in July 2006, which is sold at upscale grocery store such as Meiji-ya and National Azabu Supermarket as well through the internet. The large supermarket chain, AEON, will start to sell MSC labeled fishery products in October 2006. As a result of these combined factors, consumers will have the opportunity to learn more about MSC labeled fish and Post expects that awareness of the issue of ecological and sustainable fishery practices will increase.

Market Access Barriers

The so-called “Positive List” system of regulating Maximum Residue Limits (MRL) became effective May 31, 2006. This system regulates MRL for agro chemicals, animal drugs, and feed additives that are used domestically and internationally. A single violation of an MRL stops distribution of the food and leads to 50% testing of all like product imported from the country in violation.

Since its launch a number of positive findings have occurred both on domestic and imported product. As for fishery products, illegal bactericide was detected on Chinese cultured eel and as a result its import volume has been decreasing. This greatly affects the Japanese eel market because 61 % of live and processed eel come from China. U.S. producers should be aware of this system and pay attention to prevent any violations. Please refer GAIN reports JA6004 and JA6011 for detail of positive list system in Japan.