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Japan's Challenge toward Asian Food Market

Background

The agricultural industry in Japan is urged to develop its strategies targeting not only the stagnating domestic market but also overseas markets, especially Asian markets. Among others, the Chinese market is huge, and therefore, it is questioned how Japan should face China and disseminate its agricultural products to the Chinese market. The real customers of Japanese agricultural products are not limited to wealthy people but include consumers in the middle-income bracket whose income is increasing and who will be eventually attracted by world food materials. So it is desirable to expand the food market by establishing a middle-grade brand. To make it possible, production costs must be reduced by raising cattle in the production system involving large scale feedlots under consistent conditions and monitoring systems.

Japan must increase the number of meat processing plants for export (certified) and establish a new system where frozen meat is stored for export. Furthermore, Japan also needs to enhance sales promotion in its domestic market for meat parts that are not exported to overseas and achieve better export conditions by requesting importers to reduce their high tariffs through the WTO and the FTA.

In order to continue business operations by marketing agricultural products in overseas markets, producers need to establish collaboration or partnership with trading houses and/or trading companies that engage in marketing activities for their products. It is also important for producers not only to provide food materials but also to develop new products by processing raw products and adding new services. Among others, meat and dairy products have great potential variations to be explored, and leave much room for development.

In order to avoid various restrictions and higher labor costs in Japan that stand in the way of the potential growth of Japanese agriculture, it may be effective to use a dual business model in which highest-quality products are produced in Japan for export by using higher level of Japan's agricultural technology, on the other hand, medium-grade products are produced at lower costs in Asian countries by using Japan's technology and lower-waged labor force.

Proposals

The followings would be required for efforts to develop strategies to export Japanese agricultural products:

- 1) In the light of the FTA activities related to Japan, China and Korea as well as the RCEP, Japan should take initiative in coordinating and unifying border measures, especially for the Sanitary and Phytosanitary Measures (SPS Measures) throughout the Asian region to create a free competitive environment.
- 2) After completing 1) above, based on processing trade which Japan has a relatively high level of competitiveness, the efficiency of livestock production should be improved by including imported feed materials in domestic feeds to produce high quality livestock products using Japan's technology.
- 3) "Promotion Center" should be set up in Asia to promote the exports of high quality livestock products from Japan.
- 4) Markets should be expanded not by the conventional processing trade but by the export of more differentiated and high quality products as well as newly developed products.
- 5) At the same time, by inputting imported feeds to carry out livestock processing operations also in other countries, the mobility of capital, human resources and technology should be enhanced to make better use of Japanese capability on a global level, rather than just exporting goods and services.