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SHORT-TERM TECHNICAL ASSISTANCE TO COIME
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DP/RAS/85/010

Technical Report: Market Research for Meat Products in Japan *

Prepared for the Committee for Industry, Mining and Energy, ASEAN Secretariat
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of N. Suzuki, project coordinator

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* This document has not been edited.

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Country data

1. Geography

a. Land area	377,765 km^2 (1984)
b. Society	
- Language	Japanese
- Literacy rate	99%
- Major religions	Shinto, Buddhism, Christianity

2. Population

a. Population (1986):	121.7 million
b. Population increase rate: (between Oct. 1985-Sept. 86)	0.52%
c. Population density (1986):	326/km^2

d. Population breakdown by age group (1986):

0 - 14	20.9%
15 - 64	68.5%
65 -	10.6%

3. Economy

	1986	1987	1988 (71,000 billion)
a. GNP	334.7	348.4 (expected)	365.2 (Government forecast)

b. Price increase

	1987 (expected)	1988 (forecast)
- Wholesale prices (%)	-1.7	0.3
- Consumer prices (%)	0.7	1.3

c. Exchange rate

Current rate 133.05 Yen = US$ 1.00

	1985	1986	1987	
High	260.0	199.9	121.85)	
Low	202.7	154.0	159.20)	= US$ 1.00
Average	238.3	168.1	144.50)	

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ABBREVIATIONS

AAC	=	Automatic Approval Committee
ASEAN	=	Association of South-East Asian Nations
COIME	=	Committee for Industry, Mining, Energy
ECFA	=	Engineering Consulting Firms Association
EEC	=	European Economic Community
FY	=	Fiscal year
LIPC	=	Livestock Industry Promotion Corporation
MAC	=	Ministry of Agriculture and Co-operatives
MAFF	=	Ministry of Agriculture, Forestry and Fishery
MFD	=	Mouth and foot disease
PFO	=	Preserved Food Organization
USDA	=	United States ...

I. INTRODUCTION

1.1 Background

The THAI-RFM meat slaughter project is an AIJV project of the Philippines and Thailand.

The project will slaughter 200 head of cattle and 700 pigs per day.

The slaughtering facilities are designed to meet sanitary standards of USDA, EEC and Singapore Primary Production Department.

Cattle and pigs will be slaughtered separately and the facilities have been designed and approved by a Muslim Iman to conform to strict Hallal rules.

To further enhance the viability of the project and have the project provide a vehicle for increased trade among ASEAN countries, the project promoter requested COIME that a UNIDO funding be secured to undertake a comprehensive export and marketing study for securing sufficient sales volume. Against this background, it was agreed with the promoters that a detailed market study be conducted on each of the following countries:

- Honkong,
- Singapore,
- Malaysia,
- Japan.

The range of products which are planned to be marketed to the above countries are: frozen pork and processed pork meat for Japan, Hongkong and Singapore; ground beef for Hongkong, Malaysia and Singapore. The specific products which enable THAI-RFM to formulate the market penetration strategies will be determined through this study.

This report will cover only the market study in Japan, the remaining countries being covered by a separate team of consultants. The study has been conducted by the coordinator of RAS/85/080, according to the following terms of reference. The study has been assisted by a market research assistant of the Engineering Consulting Firms Association (ECFA) under a subcontracting arrangement.

I. The expert gathers information on:

1. Tariff rate
2. Quantitative restriction
3. Non-tariff barrier, if any
4. Market consumption patterns and trends
5. Religious beliefs, if any
6. Market size and growth rates
7. Marketing system, including distribution systems and pricing
8. Potential importers.

II. The expert presents basic economic statistics, demographics.

III. The expert analyzes the collected data and prepares a final report.

1.2 Acknowledgement

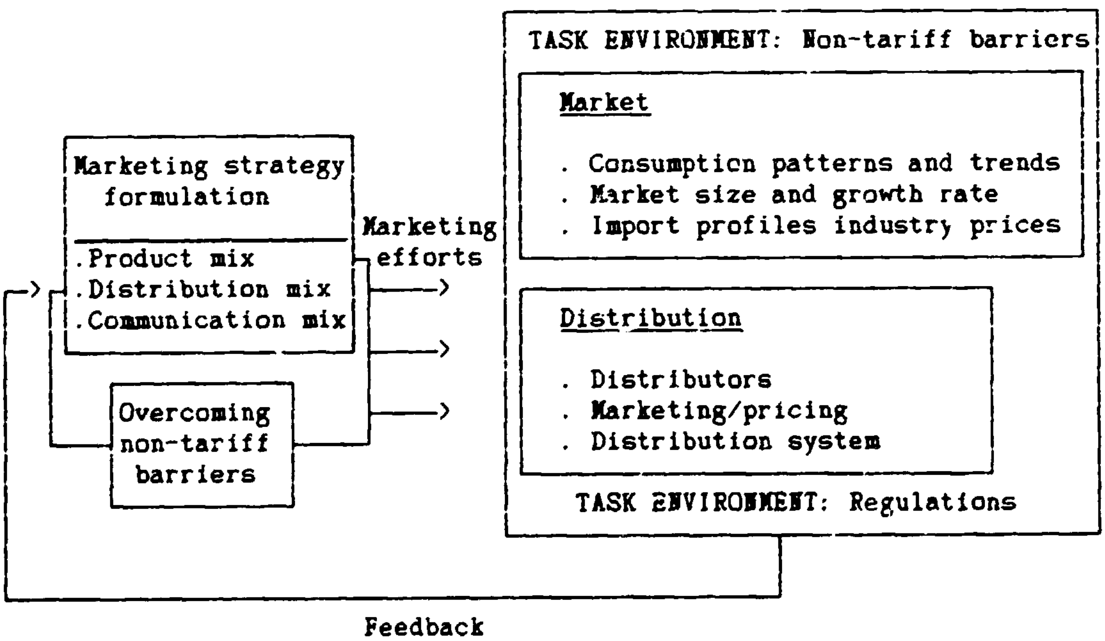
Acknowledgement goes to all the interviewees who have given their precious time for this market research. The list of persons met is attached as Annex IV. Particular appreciation is extended to the Government officials of the Ministry of Agriculture, Forestry, and Fishing (MAFF) who provided the expert with valuable and up-to-date information even during the heated negotiations with the United States Government on the beef and citrus issue.

1.3 Purpose of the study

This study is aimed at providing THAI-RFM with specific market penetration strategies for meat products exported to Japan. It has two specific objectives: provision of long-range marketing strategy formation and suggestions for immediate marketing effort to increase sales volume of THAI-RFM products.

1.4 Approach to the market research and outline of this report

The market research was initiated bearing in mind the following conceptual framework:



The study undertook, first of all, to interview a number of Government officials, the Ministry of Agriculture, Forestry and Fishery (MAFF) in order to obtain information on Government regulations concerning imported meat products as well as non-tariff barriers. To study further these aspects, interviews took place at Livestock Industry Promotion Corporation (LIPC) and Automatic Approval Committee (AAC).

Secondly, with the help of the market research assistant of ECFA, the expert spent considerable time for market data gathering. Import statistics were obtained at the Ministry of Finance. Publications were collected through interviews with various industrial associations. Thus the attributes of the meat market were analyzed on the basis of these informations.

Thirdly, a number of visits to trading companies, supermarkets and processed-meat manufactures were made in order to investigate the distribution system and its pricing mechanism. The interviews with these business groups were also useful in assessing actual market needs for specific products in determining products mix. Furthermore, they provided good suggestions for overcoming some non-tariff barriers.

In addition to the above, the ECFA consultant gathered economic statistics, demographics and other relevant basic data. It is attached to this report as Annex I.

On the basis of interviews, gathered statistics, practical advice by business groups, specific market penetration strategies were elaborated. Due to the constraints, however, the analysis was made only on the secondary data and personal views of interviewees. Furthermore, the marketing of the products in question depends on its quality. Therefore, specific pricing investigation for each product was not conducted in detail. Some suggestions were made in order to overcome non-tariff barriers on a long run; particularly on application procedures for boiled and heated meat products manufacturing facilities and issues related to foot and mouth diseases.

II. SUMMARY OF MARKET RESEARCH IN JAPAN

2.1 Government regulations

The Government regulations which would affect the possible importation of THAI-RMF products are:

1. Tariff rate
2. Import Quota for beef and beef-based processed meat.

The differencial tariff rate imposed on fresh pork and ham would be one of the disadvantageous tariff system against THAI-RFM possible export products since it eliminates the CIF price advantages of THAI-RFM products. The detailed rates are shown in Table 3.

2.2 Non-tariff barriers

The protection law against Livestock Contageous Disease - particularly against Mouth and Foot Disease, prohibits importation of all the pork and beef products from Thailand except those heated and boiled according to the Japanese Government requirements. This narrows down the possible products selection for exporting THAI-RFM products to Japan. Thus, in-depth investigation on market penetration focused, not on fresh beef and pork, but rather on processed (heated/boiled) meat.

2.3 Demand/supply

The domestic production of beef, pork and processed meat is shown in Tables A-2.1 - A-2.13. The production of each item in 1986 was as follows:

	Domestic production	Import	Total
Beef (carcass '000 t.)	559	178	737
Pork (carcass '000 t.)	1,552	207	1,759
Ham ('000 t.)	131	0.063	131.06
Bacon ('000 t.)	58	0.0	58.06
Sausage ('000 t.)	253	2.06	255.5
Canned meat ('000 t.) including retort pouch	59	75.5	134.5

2.4 Import

Import statistics are shown in Annex II. The import of beef and pork (frozen and chilled) in 1986 was 177,948 t. and 206,568 t. respectively. The market share of imported beef and pork was 25 per cent and 12 per cent.

On the other hand, the share of imports of processed meat is marginal as compared to the domestic production. It is mainly because of the Japanese consumers' preference for "fresh" processed meat - not as "preserved food". This implies that penetrating into this segment of the market would require very careful elaboration of products mix.

2.5 Price mechanism

MAFF upon advice from LIPC determines the upper and lower stabilization prices and LIPC intervenes in the market price control for beef and pork meat. The upper and lower prices set by the MAFF in 1937 are:

- $ 71,370 (L) - Y 1730 (M) for WAGYN (indigenous) steer medium grade,
- $ 1,020 (L) - Y 1325 (M) for imported beef,
- $ 455 (L) - Y 645 (M) for skinned carcass (pork)
- $ 425 (L) - Y 600 (M) for scalded carcass (pork).

Other meat products follow free market price mechanisms.

2.6 Consumer behavior

In-depth research on consumers' behavior relating to all the fresh and processed meat was recently conducted by NIHON SHOKUNIKU SHOHI SOGO Centre, Japan. Relevant parts of the report were translated into English and are appended to this report. However, it does not cover pork and beef in view of import restrictions against these non-heated products froı .hailand, due to mouth and foot disease protection.

Processed meat items are purchased less frequently than fresh meat products. Over processed meat, consumers prefer "healthy" food, which means less salty, less greasy products as well as "gourmet", expensive ones. The cheap price with low quality would not be a crucial marketing element. Super- markets are one of the major outlets for processed meat products. For instance, 50 per cent of ham is purchased in supermarkets, 22.9 per cent at specialty shops, 17.6 per cent from co-operatives, and 5.5 per cent from departmental stores. The ratio is similar to other processed meat products.

2.7 Distribution

One of the eminent peculiarities in Japanese distribution channels is the role of LIPC in distributing imported beef and the role of trading companies. Furthermore, trading companies are very active in importing and distributing meat and meat products to wholesalers and processed meat manufacturers. Large-scale supermarkets and process-meat manufacturers are becoming more involved in direct trading of processed meat products in developing countries. This backward integration of Japanese super-makets and processed meat manufacturers in foreign meat producing countries is a wave of the future.

2.8 Recommendations

2.8.1 The following products mix are recommended for further screening:

1. dry salami (sausage)
2. boiled beef
3. meat juice
4. TONKATS (cutlets)
5. YAMATONI (canned beef)
6. cabbage rolls
7. retort pouch curry sauce.

2.8.2 Further study e.g. a feasibility study will be required for each product in view of additional investments. Application for approval of heating and boiling facilities will have to be processed through official channels for each product.

2.8.3 Trading companies, large-scale supermarkets and processed-meat manufacturers are the major business groups which would be interested in collaborating with THAI-RFM in various possible ways. It would not function without their involvement in some stages of business development and operation.

III. NATURE OF THE JAPANESE MEAT MARKET

3.1 Task environment

3.1.1 Government regulations

Tariff

The Japanese Government imposes duties on almost all meat products. The following table shows the specific rate of duty on each item. It should be noted that the import regulations for beef will be changed in the course of the next three years, on the basis of recent negotiations with the United States Government.

Table 1: Tariff on beef products

Item No. a/	Description	Tariff b/ (%)	Remarks
0201-111,119	Meat of bovine animals (fresh or chilled)	25	IQ c/
0201-121,129	Meat of bovine animals (frozen)	25	IQ
0201-131	Inside edible parts of bovine animals (including tongues)	15	AA d/
0201-139	Edible parts of bovine animals (others)	25	IQ

Source: JETRO publication (1987), Trade on Agricultural, Forestry and Fishery.

a/ Item No. used until the end of 1987.
b/ LIPC surcharges, in addition to this 25% *ad valorem* tariff, are equivalent to 96% of *ad valorem* tariff rate.
c/ Import Quota.
d/ Automatic approval.

Table 2: Tariff on pork products

Item No.	Description	Tariff a/	Remarks
0201-210	Dressed carcass	) 5% of CIF or) difference	AA
0201-291	Other pork meat	) between standard) import price and) CIF, when higher	AA

Source: JETRO, Trade on Agricultural, Forestry and Fishery.

The Government determines the standard import price every year for different products. For instance, the standard import price of ordinary dressed carca_s in 1987 was 550 Yen, dehared (scalded) carcass, 612.5 Yen, cut meat, 733 Yen. This means that, even if the CIF of THAI-RMF products is lower than those from Taiwan, there will be no price advantages. When the domestic retail price exceeds the upper stabilization price, the Government reduces the tariff according to the tariff Rate Regulation. Item 12.

Table 3: Tariff on prepared meat (meat products)

a/	Description	Tariff (%)	Remarks
1601-00	Sausages and similar products, made of meat, meat offal, or blood; food preparation based on these products	25	AA
1602-10-010 090	Homogenized preparations containing meat or meat offal of bovine animals or pork, in air-tight containers (010) and others (090)	25	AA or IQ
1602-20-010	Other prepared or preserved preparations of bovine or pork liver	25	AA

(continued)

a/ New code No. since January 1988.

Table 3: Tariff on prepared meat (meat products) (cont'd)

a/	Description	Tariff (%)	Remarks
1602-41 b/, c/ 1602-42 1602-49	Shoulders, ham and cuts (pork) of all categories Ham or bacon excluding those sterilized; pressed and formed ham consisting of pig meat or pig offall and binding materials; other prepared or pressed products consisting solely of meat or meat offal of pig, a piece of which weighs not less than 10g.	c/ or 10	
1602-49-100	Pork and beef guts, bladders and stomachs, whole and pieces thereof, simply boiled in water.	free	AA
1602-49-210 221	Other types of ham and bacon made of pork	25	AA
1602-50-291 d/	Corned beef	25	IQ
292	Simply boiled in water (beef)	25	IQ
293	In air-tight containers (beef)	25	AA
1603-010	Extracts and juices of meat	12-8 e/	AA

a/ New code No. since January 1988.

b/ Not more than the value per kg obtained by multiplying the standard import price for skinned pig carcass by 15/7 in values for customs duties. In case of 1987, the standard import price of skinned pig carcass set by the Government was 550 Yen. Thus those exceeding 1178.57 Yen (550 X 15/7 = 1178.57) do not fall in this category and their tariff rate is 10%

c/ The tariff rate is calculated as follows: for each kilogramme, the difference between the value obtained by multiplying the value for customs duty by 0.6 and the value obtained by multiplying the said standard import price by 1.5. E.g. the standard import price for 1987 was 550 Yen. Assuming CIF is 500 Yen,

550 X 1.5 - 500 X 0.6 = 825 - 300 = 525 (tariff)

d/ Corned beef, prepared beef products, prepared pork meat mixed with beef products are subject to IQ. However, the products in which the contents of beef or pork is less than 30% of the net weight, are Automatical Approval (AA) items.

e/ Temporary arrangement.

Import Quota (IQ)

Meat and edible offals of bovine animals (excluding tongues and internal organs) are subject to an Import Quota. The Government approves a specific volume of imports for every year. This quota system has two different sub-windows, i.e. general quota and quota for specified uses. The general quota is divided into two categories: one allocated to Livestock Industry Promotion Corporation (LIPC) and the other allocated to commercial trading companies. The quota for specifified use are divided into fine categories as follows:

(1) Hotels
(2) Okinawa prefectures
(3) School canteens
(4) Boiled beef
(5) Demand stimulation.

The following shows the expansion of the quotas in the last five years:

	1983/84 a/	1984/85	1985/86	1986/87	1987/88 (t)
General quota	125,200	133,200	141,400	149,400	194,000
LIPC	112,680	119,880	127,260	134,460	174,800
Trading companies	12,520	13,320	14,140	14,940	19,400
Specified	15,800	16,800	17,600	18,600	20,000
TOTAL	141,000	150,000	159,000	168,000	214,000

Source: MAFF

a/ Fiscal year April 1983-March 1984

The recent negotiations with the United States Government confirms that the quota on beef importation will be eliminated by the 1 April 1991, while boiled beef will be freely imported from 1990 onwards.

Until 1990, the Japanese market for imported beef will increase by 60,000 MT/year. The import value will amount to 394,000 MT in 1991. The tariff rate for frozen and chilled beef after 1990 will be as follows:

	1991	1992	1993
Tariff 1/	70%	60%	50%

Other import restrictions on prepared and preserved beef products will be eliminated within two years. For instance:

	Present tariff	1989
Pet food (bulk)	15%	none
Pet food (package)	12%	none
Beef jerky	25%	10%
Sausage	25%	10%

Application procedures for importing food products

Food importers are required to prepare an application form for imported food products, following the procedures stipulated in the Food Sanitation Law Item 16 - Implementation Act. 15. The form includes:

1. Name and address of the importer
2. Description, weight and packaging of imported products
3. If food products contain additives, description of additives.
4. Raw materials and process method
5. If the additives contain chemicals, name of chemical compositions
6. Name and address of the manufacturer
7. Name of loading port, loading date, unloading port and expected date of arrival
8. Name and nationality of vessel and/or flight No.
9. Name and address of storehouse and date of storing
10. If products are subject to food sanitation law, related items.

3.1.2 Non-tariff barriers

There exist various laws which may affect importation of food products into Japan. The influencial ones are the act for the protection of livestock against contageous diseases and the food sanitation law.

The former act classifies all the possible exporting countries of artiodactyla alive, fresh meat and processed meat products into four categories. The following table illustrates these four categories with regard to possible products to be imported to Japan.

1/ This determined 25% tariff plus the LIPC's present surcharge would be equivalent to an *ad valorem* tariff of 96 per cent. This figure will be reduced to 70 per cent, 60 per cent and 50 per cent and thereafter Japan will negotiate from this level in Uruguay round tariff negotiations.

The present classification of Thailand is in category III. It cannot be assumed that it will be reclassified as "O" or "I" in the foreseeable future. The only possible products to be exported to Japan would be boiled beef and processed meat heated at 63.3°C for 30 minutes. The facility to produce the heated products has to be approved by MAFF of Japan. The application is reviewed on a product-by-product basis and the request should be channeled through the Ministry of Agriculture, Thailand, through formal channels.

The other regulation, the Food Sanitation Law, will be of importance to obtain food import approval from the Ministry of Health, Japan. This law contains details on each product. Without finding the specific ingredients of products, it would not be relevant to investigate further in this report.

Table 4: Classification of regions/countries for the export of meat products to Japan (as of 18 February 1988)

Class	Countries/regions	Alive	Fertilized ovum, semen	Sausage ham, bacon	Meat, intern. organs
0	Korea, Taiwan, Finland Sweden, Norway, Denmark, Northern Ireland, Ireland, Iceland, Canada, Madagascar, USA, Mexico, Guatemala, Nicaragua, Costa Rica, North Mariana Islands, New Zealand, New Caledonia, Australia (2[illegible] regions)	Import permitted	Import permitted	Import permitted	Import permitted
I	Singapore, Poland, Hungary, Rumania, Yugoslavia, Switzerland, Holland, Belgium, France, Austria, United Kingdom (limited to G.B.) a/	Import permitted	Import permitted	Import permitted	Import prohibited except heated products, following standard heating process set by the exporting country
II	People's Republic of China Federal Republic of Germany b/	Import permitted	Import permitted	Import prohibited, except products heated following the standard heating process set by the exporting country	
III	Other regions not specified above	Import prohibited	Import prohibited	Import prohibited, except heated products following the standard heating process (heating facilities should be approved by MAFF of Japan c/	

Source: Ministry of Agriculture, Forestry and Fishery (MAFF)

a/ The United Kingdom has been reclassified to category "0" for pork, and negotiations are to take place to be classified in "0" for beef.

b/ FRG was classified in "I" until 1987; foot and mouth disease occurred so that it was degraded to "II" in 1988.

c/ The heating facilities should be approved by the Ministry of Agriculture, Forestry and Fishery (MAFF). The application should be processed through formal channels

3.2 Market trend

3.2.1 Basic economic and demographic data

Relevant data were selected and attached as Annex I.

3.2.2 Demand and domestic supply for fresh and processed meat

Beef

The domestic production of beef has been increasing steadily since 1980. The carcass weight in 1987 was 565,280 t. This increase is attributable to diversification of eating habits for beef (Table 5). The house consumption of beef in 1986 due to the drop of the previous year, slightly increased. On the other hand, the demand of beef for processed meat and uses in restaurants is steadily increasing. This indicates that the steadily increasing demand for beef will ensue in the foreseeable future.

Pork

The domestic production has remained steady since 1980. The drop of feeds price since 1984 stimulated the production. The production increased by 7.6 per cent in 1985, 1.3 per cent in 1986, 1.9 per cent in 1987 as compared to previous production levels (Table 5).

The demand has also remained steady since 1980. It increased drastically, however, by 5.9 per cent in 1985 and 2.4 per cent in 1986.

Processed and canned meat (see Table 6)

The domestic production increased in 1986 by 5.9 per cent and amounted to 556,931 tons, including both processed and canned meat. This reflects the need of consumers for high quality products. For instance, rolled loin ham increased by 4.4 per cent and bacon by 6.1 per cent in 1986. As to sausages, the production of high quality sausage made with "House-made Taste" increased drastically by 14.4 per cent. On the other hand, the products such as pressed and chopped ham which fall into a lower price range have lost the market share to a great extent. The production of pressed ham for instance decreased by 15.0 per cent in 1986.

The domestic supply for canned meat products has remained steady in the last four years. However, it decreased slightly in 1986. Although it does not appear in Table 6, the production of pre-cooked curry sauce is increasing. The share of meat in this product is relatively small, but its production has a good potential for increased future demand.

Table 5: Production of meat (thousand tons)

	1980	1981	1982	1983	1984	1985	1986	1987
Cattle								
Head	1,231	1,366	1,399	1,433	1,537	1,575	1,553	1,507
Carcass (weight)	418	471	481	495	536	555	559	565
Pigs								
Head	19,943	18,709	19,110	19,081	19,258	20,639	20,997	21,424
Carcass (weight)	1,475	1,396	1,428	1,429	1,424	1,532	1,552	1,581

Source: MAFF, Meat Statistics

Table 6: Production of processed and canned meat (tons)

	1983	1984	1985	1986
Processed meat	433,770	447,519	466,093	497,581
Ham (rolled loin) (boneless) (bone-in) (lacks) (belly) (shoulder)	95,017	100,028	105,185	109,780
Pressed ham	32,042	28,281	25,037	21,086
Bacon	45,544	50,593	54,272	57,605
Sausage	196,253	204,832	221,245	253,302
Mixed	10,498	10,010	9,087	7,262
Chopped ham	54,416	53,775	51,085	48,506
Canned meat	57,793	58,589	59,706	59,350
Beef	3,348	3,069	2,913	2,972
Beef and house mix	243	140	140	180
Pork	156	182	153	128
Vegetable and meat	67	137	183	289
Chicken	5,283	5,091	5,502	4,521
Corned beef	6,764	6,624	5,856	5,765
Ham and bacon	170	159	139	114
Sausage	1,293	1,184	1,237	1,008
Luncheon meat	201	188	149	125
Others	40,268	41,815	43,434	44,288
TOTAL	491,563	506,108	525,799	556,931

Source: JETRO: Trade on Agricultural, Forestry and Fishery.

3.2.3 Import

Tables A-2.1 to A-2.13 are attached as Annex II. Statistics were obtained mainly from Japan Imports and Exports, Ministry of Finance. In view of the fact that the protection law for livestock against contageous disease does not allow import of any fresh (un-heated) pork and beef products from Thailand, this section emphasizes rather the processed meat products. In order not to mislead the interpretation of each table, it should be noted that Japanese currency (Yen) was drastically evaluated upwards in 1985/86. The import value should reflect this currency evaluation with regards the US dollar.

(i) Beef (chilled and frozen)

Imports of beef are presently subject to import quota but as mentioned earlier, the non-tariff barrier and the quota will completely be eliminated after 1991. Australia and the United States have been the major exporters of beef and will maintain their position. The expected imports of beef in 1988, 1989, and 1990 are 174,000 t., 334,000 t., and 394,000 t. respectively.

(ii) Pork (chilled and frozen)

The import value of 1986 amounted to 174,826 million Yen and the quantity was 206,568 t. It has come close to 380,000 t. in 1987. The major exporters are Taiwan and Denmark and their share is more than 75 per cent of the import. Due to the devaluation of the US dollar, imports from the United States are also increasing. According to an MAFF analysis, the increase in 1986 and 1987 is attributable to an increased demand for processed meat, as well as to the upward evaluation of the Yen which has enabled importers to order higher quality/more expensive pieces of pork meat.

(iii) Processed meat products

The related statistical data were extracted from "Japan Imports and Exports" and are attached as Annex II.

Sausages

Table A-2.3 shows all the exporting countries, quantity, and value. None of the countries classified as "III" in the "Protection Law against Livestock Contageous Diseases" export sausages to Japan. However, this does not mean that no chances are envisaged for these countries. No manufacturer has probably attempted to export sausages so far, mainly due to lack of experience in manufacturing and distributing marketable products in Japan and due to constraints in obtaining approval regarding heating facilities from the Japanese authorities.

The import volume is extremely small as compared to the domestic production i.e. 2,068 t. vs. 253,342 t. This implies that penetrating this segment of the market will not be easy. The major exporters in 1987 were the USA (699 t.), Australia (538 t.), Mexico (371 t.), the Netherlands (131 t.) and Taiwan (219 t.). Chinese manufacture holds export permission to Japan and almost 120 t. of Chinese products were sold in Japan in 1987.

Ham

The total value of ham imported to Japan in 1987 (sum of sterilized and non-sterilized ham) was 107 t. The domestic production in 1986 was approximately 130,000 t. Non-sterilized Canadian ham shows almost one-half of the share in this group. The sterilized ham exporting countries to Japan are led by Switzerland and Denmark, sharing almost 80 per cent of import volume. It is assumed that these two countries have developed good reputation in Japan as high quality European ham manufacturers.

Bacon

Both sterilized and non-sterilized bacon are mainly imported from the United States and Denmark. Only Canada shows a very marginal portion, i.e. 0.16 per cent of the entire share. The total imported value in 1986 was 65 t. as opposed to 57,605 t. of domestic production.

Corned beef

Brazil holds more than 50 per cent of import share, i.e. 431 t. out of 765 t., followed by France, New Zealand and Argentina. France started exporting corned beef only in 1987 and gained almost 20 per cent of the import share in Japan. This indicates that this segment may not be so difficult to penetrate as long as appropriate market penetration strategies are elaborated and implemented. The import share with regard the domestic production is also higher (719 t. vs. 5,856 t.) than the above-mentioned products. There is a good number of countries classified as II and III which export corned beef to Japan: e.g. China, Romania, Brazil, Uruguay, Argentina. As long as the manufacturers could obtain a permit from the Japanese authorities (MAFF) and meet the Food Sanitation Law, products could be exported to Japan.

Processed beef meat in air-tight containers

This category of products includes canned beef, corned beef hash, beef curry sauce, beef stew etc. The statistics do not specify what the types of products are. All products in this category are heated. The major exporters are Australia, and the United States. Chinese products have been drastically increasing in the last three years. Further studies on what specific types of products are increasingly being imported from China would be necessary. They might show some interesting market trends.

Boiled beef

Boiled beef has obtained a separate allocation from the regular beef quota (through LIPC and trading companies). In the fiscal year 1988, 7,000 t. have been allowed to be imported. Australia shows in almost 87 per cent of the 1987 total import value. This will continue in 1988. The quota on this category will be eliminated by the end of the first half of 1989. Some changes are foreseen in boiled beef imports. Along with the waiver of the entire quota system on beef products which will take place in 1991, the price of beef in Australia may jump up due to anticipated increase of chilled and frozen beef export to Japan. This may open up some business opportunity to countries classified as "III" where the price of beef remains relatively low. A negative forecast would be that the market demand for boiled beef would disappear.

It might have existed in an artificial way because of the quota separately assigned to this product. Boiled beef is not an ultimate consumer product but is used for processing other final products such as beef curry sauce. In other words, if the general quota system is abolished, there will be no need to import boiled beef unless the the cost of its raw material, e.g. the cost of beef for manufacturing curry sauce is advantageous enough. Further observation on the price of beef is required for instance in Australia and CIF of beef in Japan.

Other preserved beef products

Table A-2.11 (Annex 2) includes all different products: roast beef, beef jucky, luncheon loaf - heated, as well as seasoned beef, hamburger patties, meat balls - non heated. In 1987, the major beef exporters such as the United States and Australia shared 81 per cent and 11 per cent of this category of products respectively.

Preserved pork meat in air-tight containers

Table A-2.12 includes luncheon meat, canned ham and bacon, pork and beans, etc. All the products are heated. Denmark shares almost 70 per cent of the import volume. The countries classified under "III" export some products to Japan. These are: Thailand, Yugoslavia, and Rumania.

It would be interesting to investigate what kind of products are being exported from Thailand in order for THAI-RMF to use as supplementary information for the elaboration of future forward integration strategies.

Meat extracts and juices

These products were a by-product of boiled beef. The recent trend shows that it may become rather a main product due to increasing demand for powdered soup essence packaged in Chinese instant noodle. The imported meat juices are reprocessed in Japan and exported to producers of soup essence such as Maggie, Knorr, etc. Thus, Table A-2.13 does not reflect the domestic demand alone, but the world market demand for meat extracts. The reason of the decrease in import figures is not therefore simply identifiable.

3.2.4 Price mechanism

Beef and pork

LIPC plays a key role in stabilizing the wholesale/retail prices of pork and beef. Upon advice of LIPC, MAFF determines the upper and lower stabilization prices of both pork and beef in the major wholesale meat markets. The decision is made taking into account various factors such as conditions of domestic production and the supply-demand situation in order to ensure continued domestic production of such meats. LIPC releases their stock when the market price begins to exceed the upper price range while it buys and stores when the market prices go below the lower price range. Pages 10-11 of the LIPC pamphlet are attached as Annex IV.

The following table shows the actual stabilized lower and upper prices (Yen/kg).

	PORK			
	Skinned carcass		Scalded carcass	
	Lower price	Upper price	Lower price	Upper price
1983	600	780	560	725
1984	600	780	560	725
1985	600	780	560	725
1986	540	760	500	705
1987	455	645	425	600

	BEEF			
	Wagyu a/ Steer		Other steer Medium Grade	
	Lower price	Upper price	Lower price	Upper price
1983	1,400	1,820	1,120	1,455
1984	1,400	1,820	1,120	1,455
1985	1,400	1,820	1,120	1,455
1986	1,400	1,820	1,090	1,420
1987	1 370	1,780	1,020	1,325

Source: The Meat Statistics in Japan, MAFF.

a/ Japanese indigenous cattle

Other products

There is no control price mechanism on other products. Prices are determined by the market demand/supply mechanism. The mark-up at the retailers varies with products and types of stores and cannot be generalized. The average wholesale and retail prices in Tokyo for rolled loin ham, wiener sausage and bacon, are given below (Yen/kg).

	Loin rolled ham		Wiener sausage		Bacon	
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail
1982	2,049	3,270	1,102	1,900	1,549	2,400
1983	2,114	3,350	1,139	2,010	1,607	2,520
1984	2,111	3,520	1,141	2,080	1,591	2,560
1985	2,093	3,570	1,143	2,270	1,551	2,630
1986	2,084	3,550	1,140	2,131	1,522	2,560

Source: The Meat Statistics in Japan, MAFF, Feb. 1988.

The price of meat and processed meat has been steady in the last 3 to 4 years. The price of almost all products decreased from the previous year in 1986. When the present export quota is waived, the price of the above-listed products will go further down. The price of processed meat is not a dominant factor to determine the consumption level. The price elasticity in this product group is not eminent.

3.2.5 Consumer Behavior

NIHON SHOKUNIKU SHOHI SOGO CENTER (Japan Meat Consumption Centre) entrusts SHOKUHIN JUKYU KENKYU CENTRE (Food Demand Supply Research Centre) to undertake twice a year a market study in Japan. This survey investigated a very comprehensive consumers behavior in the meat market such as

(1) consumption and purchase patterns,
(2) reasons of purchasing in specialty shops or supermarket,
(3) frequency of purchasing meat products (among beef, pork, ground beef, chicken, mutton, horse meat, internal organs),
(4) reasons for purchasing particular items,
(5) criteria for selecting particular items of the above fresh products,
(6) what form of fresh meat products, e.g. slice, block, ground are preferred,
(7) the price of each item above,

(8) the quantity purchased of each of the above fresh products,
(9) the volume of items purchased per week and per family,
(10) the price eleasticity,
(11) the kind of fresh meat consumers wish to increase,
(12) the kind of fresh meat for which consumers wish to increase consumption,
(13) the types of meat to be purchased: marbely or lean meat,
(14) the part of beef and pork most often purchased and used for specific cooking, e.g. shoulder clot, chuck, loin (tenderloin brisket, short plate round, etc.

This section, however, covers only consumers' consumption and purchase patterns and preference over different meats. It is mainly an abstract of the relevant part of the research results completed by the above Centre in December 1987. The study is based on an analysis of 200 questionnaires distributed by the Centre.

Purchase pattern

During the week in which the research took place, the ratios in purchasing specific kinds of meats were as follows:

	Category A (%)		Category B (%)
Pork	88.4	Ham	59.7
Beef	76.2	Bacon	39.6
Chicken	77.1	Sausages	35.8
Ground Beef/Pork	46.7	Cutlets (pre-cooked)	6
Mutton	4.3	Fried chicken	7.8
		Hamburger (pre-cooked)	5.6

Frequency

These purchases of processed and pre-cooked meat during the sunny period, corresponded to how many times a week the customers bought the particular items.

	Once	Twice	Three times	More
Category A				
Beef	54.5	33.7	8	2.9
Pork	45.9	37.3	12.8	2.7
Chicken	63.2	28.1	5.5	4.0
Ground beef	82.0	12.0	2.4	0.3
Mutton	90.7	-	2.3	-

Category B

Ham	71.4	19.0	3.4	0.5
Bacon	82.8	9.9	1.0	0.4
Sausages	76.4	14.1	2.2	0.7
Cutlets (pre-cooked)	75.8	8.3	2.5	-
Fried chicken	72.3	10.1	1.9	9.6
Hamburger (pre-cooked)	68.8	12.5	0.9	-

Processed meat items are purchased less frequently than the meat products in Category A. It shows that 30 or 40 per cent of the consumers buy beef or pork twice a week, while only 14.1 per cent buy sausages twice a week; this shows the highest freauency among the category B items.

Outlet of purchased products

	N.A.	Specialty shop	Super-market	Department store	Co-operatives	Others
Beef	0.3	37.5	45.8	6.7	17.8	3
Pork	0.6	30	50.6	2.7	20.4	2.8
Ground beef	1.6	24.9	49.3	2.4	20.2	2.6
Chicken	1.1	26	51.4	2.3	19.9	3.4
Mutton	4.7	18.6	53.5	2.3	16.3	3.5
Ham	2.5	22.9	50.6	5.5	17.6	4.1
Bacon	3.0	21.7	52.6	2.8	17.8	2.5
Sausage	3.9	18.3	50.6	3.2	20.8	5.5
Cutlets	9.2	46.7	21.7	14.2	7.5	1.7
Fried chicken	9.1	38.7	33.5	9	7.1	2.6
Hamburger	13.4	10.7	50.0	7.1	14.3	4.5

The supermarket is the most popular outlet for purchasing meat and processed meat. Particularly processed meat has a higher rate of supermarket purchase than fresh meat. Cutlets and fried chicken are often cooked by specialty shops and sold fresh at the shop. So far this is the popular purchase pattern. It is assumed that a good portion of cutlets are sold frozen in supermarkets. It should also be noted that 50 per cent of hamburger meat is sold in supermarkets. It may indicate that hamburger could be produced by an automated process at an advantageous price in supermarkets. If cutlets were produced in the same manner, the percentage of cutlets sales in supermarkets would certainly increase.

Preference of fish or meat

Wishing to increase meat dishes	Wishing to increase fish dishes	Status quo
11.2	23.6	64.2

Almost all income groups follow the same ratio. It seems there are very little differences among different income groups in this questionnaire. The tendency to increase fish dishes is greater than for meat. This tendency should be closely observed in the future in connexion with a recent health dieting drive.

It should be noted that there seems to be no influence of religious belief on meat consumption in Japan. Beef and pork products are consumed without significant impact on this element.

There might be a minor - but steadily growing - trend shifting to quasi-vegetarian or no animal meat-based diet, particularly among young women. It is mainly because of recent "health food" fashion.

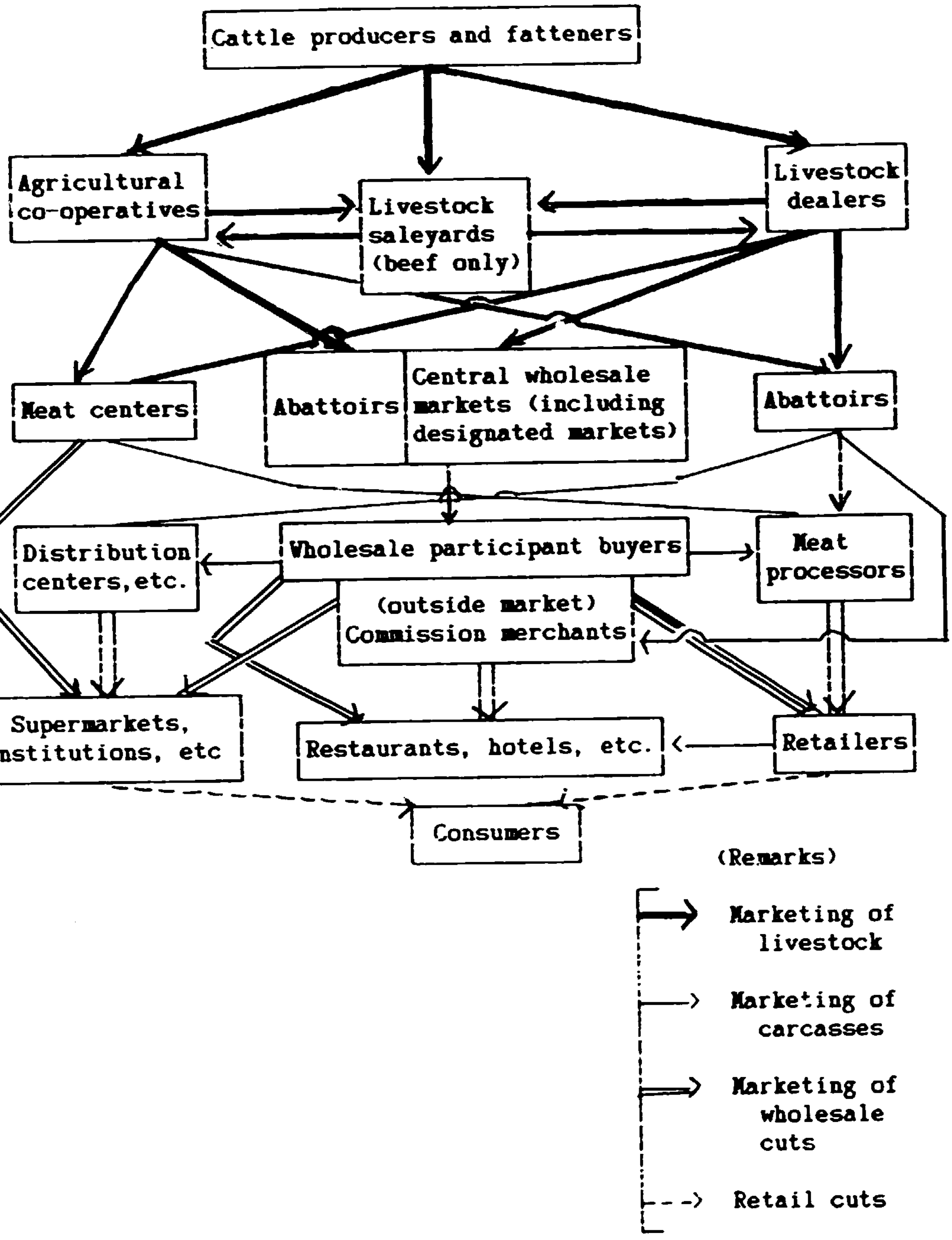
3.3 Distribution

3.3.1 Present distribution channels

Pork and beef

Pork and beef are distributed to consumers through almost the same channels. Domestic producers sell live pigs and cattle, livestock dealers and agricultural cooperatives. In the case of cattle, livestock sale-yards also buy cattle directly from producers and distribute them to livestock dealers and agricultural co-operatives. There are no such sale-yards acting as intermediary for pigs. Only livestock dealers and agricultural co-operatives resell live ones to meat centres, slaughter houses, central wholesale markets, including designated markets. Live cattle and pigs are slaughtered in these facilities and processed into various carcass forms. In the case of pigs, meat centres further process the carcass into wholesale cuts and distribute them directly to large-scale supermarkets. Meat centres also sell beef and pork carcasses to meat processors without further processing. Central wholesale markets sell the same to wholesalers and authorized buyers in each market as well as to the commission merchants outside markets. Carcasses are also channeled directly from slaughter houses to commission merchants, meat processors, and distribution centres. Carcasses are processed into wholesale cuts at this level and further distributed to supermarkets, restaurants, hotels, retailers. Consumers buy retail cuts either from retailers or supermarkets. These distribution channels are illustrated in the following chart:

Table 7: Distribution channels of pork and beef

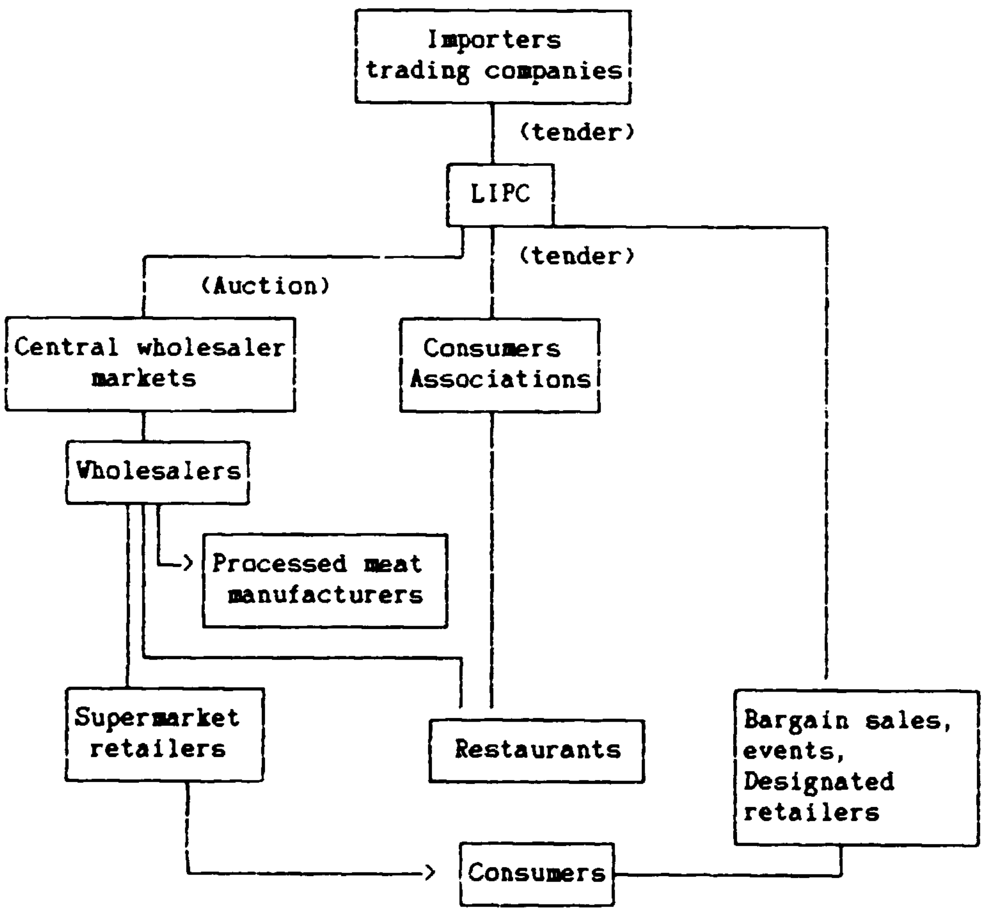


Source: The Meat Statistics in Japan, MAFF.

Almost all the imported fresh (chilled and frozen) products are imported in a form of carcass or wholesale cuts by trading companies. In addition, beef is stil subject to IQ and LIPC participates in the implementation of Government price stabilization policy. Therefore, the distribution of imported beef differs from what is explained above.

LIPC buys almost 90 per cent of the imported beef in the "general quota" from trading companies. 30 per cent of purchased imported beef is sold to wholesale markets through auctions, 47 per cent to various consumer associations and process meat associations through tenders, and 14 per cent are directly sold to designated retailers and special sales agents. The wholesale markets (30 authorized markets in Japan) distribute imported beef (wholesale cuts) to the wholesalers which in turn, sell them to processed meat manufacturers, supermarkets, restaurants and retailers. The consumers' association also sells to wholesalers, directly to large-scale supermarkets and retailers. It should be noted that imported beef is distributed directly to hotels through a separate quota and without going through the above mentioned channels.

Table 8: <u>Distribution of imported beef</u>



Imported pork is distributed mainly by trading companies and sold on a bulk basis to meat processors, wholesalers, distribution centres as well as directly to supermarkets and hotels. Since pork meat is not subject to IQ, LIPC is not directly involved in the distribution. When the market price goes lower than the lower stabilization price, LIPC would instruct ZENNOREN and ZENCHIKUREN to buy pork for stock and release it when it goes higher than the upper range.

Processed meat

Processed meats are sold by domestic manufacturers and importers to supermarkets and hotels, restaurants and retailers. Four leading Japanese process meat manufacturers have their own nation-wide distribution networks and distribute their products to every local city. Often, trading companies which import processed meat tie up with these manufacturers for distribution of imported products. As explained earlier, processed meat in Japan is not considered as preserved products but rather as fresh side-dish or daily snack and timely delivery of ham, bacon and sausages is the most crucial factor to ensure successful business. The "KANBAN" system (on-line order to manufacturers without having stocks at supermarkets) has become very popular in Japan. Thus there is very little chance for wholesalers to play a key role in the distribution of processed meat. The imported products from Europe, Australia and the United States have well-known brand names. These products are sold not only to dependant stores and supermarkets but to wholesalers and process-meat manufacturers.

3.3.2 A new trend

Recent newspapers introduce eminent changes in meat products manufacturing basis and distribution systems in connexion with further waiver of import quota for beef. Trading companies are searching for existing cattle ranches and slaughter houses for sale in order to ensure steady supply of beef after the waiver of IQ. These trading companies are also investigating the impact of the IQ waiver on their domestic distributi . systems. There will be a breakthrough of equilibrium in the distribution systems for beef which should be carefully observed.

There will also be a continuous shift of manufacturing facilities of processed meat, particularly prepared meat products (not ham, bacon and sausages, but roast beef, pork, pre-cooked cutlets and hamburgers, etc). The products which require labour-intensive processing will be more and more produced directly by Japanese processed meat manufacturers and even by trading companies in the countries where labour costs are relatively cheap. This backward integration of pre-cooked meat will be a wave of the future. Since Japanese consumers tend to purchase more pre-cooked products, this shift of manufacturing facilities in developing countries and direct distribution to Japanese large-scale supermarkets and departmental stores will affect the existing distribution systems.

IV MARKET PENETRATION STRATEGIES (recommendations)

4.1 Choice of products

It has become obvious that fresh pork and beef, as non-heated processed meat, cannot possibly be imported from Thailand to Japan due to the protection law against mouth and foot disease. Investigations on possible products to be exported by THAI-RMF are concentrated on heated processed meat, boiled beef, precooked products.

Heated ham, bacon and sausages

Most of the above headlined products are considered in Japan as not preserved food but as fresh, side-dishes or snacks. Their freshness is a key element. All the interviewees have expressed some doubts as to the possibility for Thailand to sell these products in Japan, in view of the required shipping days and the absence of control for the steady supply on a day-to-day basis.

The Japanese consumers are not easily influenced by cheaper prices for these products; thus the price advantages may not be the critical element. In fact, there will be a very limited advantage over imported ham and bacon products since the tariff rate is determined by the different figures between CIF and standardized price set by the Government (see Table 3, footnote c/).

Sausages to be sold in supermarkets or to retailers are not considered as possible products in view of freshness requirements. The contents of oil in sausages would affect the taste if they were kept frozen when shipped from Thailand to Japan. They would not be likely to respond to the timely delivery requirements as mentioned earlier under "KANBAN" delivery system.

For the above reasons, it may not be worthwhile for the THAI-RMF to apply for approval of heating facilities to produce these products. The only possibility in the products of this category would be dry sausages (salami), not to be sold directly to supermarkets and retailers but to frozen-food manufacturers such as for pizza, which do not require fresh products and where price advantage can be considered as a dominant factor. Thess products are also attractive since the tariff will be lowered next year from 25 per cent to 10 per cent.

Boiled beef

Presently 6000-7000 t. of boiled beef are being imported each year. This, as explained in 3.2.3 (iii) may disappear if cheap fresh beef is imported to Japan after the IQ is waived. Whether this import volume remains, increases or decreases depends on the selling price (CIF) to Japan. If THAI-RMF can produce this product at a much lower price than that of Australia, and is still able to enjoy price advantages over future Japanese domestic low quality beef products, which are to be used for curry sauces and other retort products. There are other possible products which may take price advantages of the THAI-RMF boiled beef, if ever produced. That is for the fast-food chain-stores selling "GYU-DON", beef rice balls cooked with Sukiyaki flavor. This type of chain stores would emphasize more the economical supply of beef than the quality of the meat.

Meat extract and juices

Once THAI-RMF has started producing boiled meat, beef juices can also be supplied to Japan. Although the import statistics do not show steady increase for this product, there will be a business opportunity to sell it to Japan. A Japanese manufacturer exports beef essence either in more condensed or powdered form to the world market. It is anticipated that this market segment will remain steady in the future.

Pre-cooked products

One can learn a success story from the increasing export of processed chicken products from Thailand to Japan. Joint-venture firms producing prepared YAKITORI in Thailand (small pieces of chicken meat are arranged on a stick and ready for barbecuing) take advantage of cheap labor to prepare YAKITORI chicken meat on sticks and freeze them for export to Japan.

There are other possible products which fall into this category using pork meat. For instance, TONKATS (cutlets) require lengthy preparation before deep-frying. One of the Japanese pre-cooked food manufacturers explained that laboratory results show that the taste would not be made worse, even if TONKATS were prepared, pre-heated and frozen afterwards. This would enable THAI-RMF to make their forward integration possible. Another example would be cabbage rolls which also require lengthy preparation and cheap labor. The products have to be cooked anyway. There would be a multitude of other products to be identified since Japanese "instant food"/pre-cooked food segment is growing. It would be easier to penetrate than with high quality products which also become popular as "gourmet" products.

The last categories of pre-cooked products would be canned sausage, canned beef cooked with Japanese flavour (YAMATONI) which would be subject to 45 per cent tariff, without adjusted standard price and IQ after 1991.

These forward integration products would require a further feasibility study since it would involve considerable additional investments. Furthermore, any product to be produced along this consumers new trend has to be re-investigated and jointly operational with either Japanese supermarkets or processed meat manufacturers, or trading companies. For future reference, concerning leading Japanese companies in these segments of possible counterparts, see list in Annex III.

4.2 Distribution mix

The decision on how to market THAI-RMF products in Japan requires further in-depth investigations concerning various business aspects. It depends on who would be acting as technical and managerial advisor, either through a simple technical co-operation agreement or joint ventures, or mere buy-back arrangements. All the products briefly identified in the above sections do not seem to be developed and exportable to Japan without a certain degree of Japanese distribution involvement. The choice of the business groups to be approached in each segment of distribution would influence to a large degree the success of the operation. Not only trading companies, but also the major supermarkets or chain stores such as SEIYU, ITOYOKADO DAIEI and processed meat manufacturers such as NICHIREY, PREMA HAM, NIHON HAM, MARUDAI, etc. would also be possible joint-venture partners and/or distributors of THAI-RMF products. Historically Japanese trading companies in addition to trading activities have acted as intermediary to introduce business opportunities to appropriate manufacturers. Recently manufacturers in this sector have become capable of handling overseas business by themselves without the involvement of trading companies. Trading companies, on the other hand, have extended their business activities into manufacturing/producing of importable goods to Japan. These Japanese trading companies could also act as business partners/advisors in identifying THAI-RMF products.

It should be reiterated that further feasibility studies for the selected products should be undertaken to define the most appropriate distribution channels in connexion with possible technical co-operation and joint-venture agreements. Some relatively effective and possible distributors are suggested below for each product already identified.

Items	Possible distributors/collaborators
Sausage (dry salami)	Trading companies, frozen pizza manufacturers
Boiled beef	Trading companies, fast food chain-stores
Meat juices	Trading companies, meat essence producers
Pre-cooked products (TONKATS)	Supermarkets, pre-cooked products producers
Canned beef (YAMATONI)	Trading companies, canned products producers
Cabbage rolls (canned)	Trading companies, canned products producers
Retort pouch curry sauce	Producers of curry sauce - Trading companies

4.3 Other suggestions

4.3.1 Procedures to obtain certificate of boiling and/or heating facilities

The heating and boiling facilities in Thailand are classified in Category III and need the approval of Japanese MAFF. First of all, the item to be produced will have to be identified, since the approval is given for each product-making facility. The request for inspection should be processed through official channels, i.e. from the Ministry of Agriculture and Cooperatives (MAC) of Thailand and the Japanese Government (MAFF). Upon obtaining approval, the facility will be under supervision of MAC in its sanitary control. There is already one facility approved in Bangkok, the Preserved Food Organization (PFO) for cooking canned products. Detailed information can be obtained at the PFO and MAC.

4.3.2 <u>Mouth and foot disease (MFD)</u>

It seems impossible for Thailand as a whole to be reclassified as a country in the "0" or "I" category, at least in the near future. However, a few applications have reached the Japanese Government requesting the approval of the "AREA/REGION" as mouth and foot disease-free zone. For instance, China and Indonesia intend to obtain the reclassification of a selected island into the "O" category by proving isolation from MFD.

The Vanuatu Republic has obtained classification in "0" by presenting the evidence of MFD free and isolation of this island from others for protection from possible future infection.

4.3.3 <u>Food Sanitation Law</u>

Almost all the pre-cooked products imported to Japan are subject to inspection by the Japanese Ministry of Health. Thus, the products to be produced by THAI-RMF should also undergo this inspection. The sanitation standards should be maintained according to the Japanese regulations.

4.3.4 <u>Differential tariff rate systems</u>

The interview at the Automatic Approval Committee emphasized that, after the IQ for beef products is waived, the next target will be to eliminate differential tariff rate systems. This present tariff system, reduces comparative price advantages of possible THAI-RMF products. Even if CIF could be lower than other competing products, this advantage would be offset by paying higher tariffs on the product than on other products. The AA Committee intends to pressurize the Japanese Government in eliminating this tariff system. However, so far no request for elimination has been clearly expressed by existing exporters. It may need some more diplomatic approaches to highlight this issue as was the case for the beef IQ.

Annex I

DEMOGRAPHIC AND ECONOMIC DATA OF JAPAN

Source: JETRO, NIPPON 1988: Business Facts and Figures, 1988 and Yano Ichiro (ed.), NIHON KOKSEIZUE 1988 (A Charted Survey of Japan), 1988.

1. NATURAL GEOGRAPHY AND SOCIETY

Japan is an arc of 3,922 islands. Most of the population is concentrated on the four main islands: Honshu (the largest), Hokkaido, Shikok [illegible] he smallest) and Kyushu. In total land area, Japan is a[illegible]ost as large as the State of California. The highest mountain is the famous dormant volcano Mt. Fuji (3,776m high). Japan is situated in a zone prone to volcanic activity and earthquakes.

a. Land Area	377,765 km^2 (1984)
private use	161,507 km^2
residential	12,384 km^2
rice fields	30,017 km^2
farms	25,879 km^2
forests	76,137 km^2

b. Climate

The Japanese climate varies from the almost tropical conditions of the southern island of Okinawa to the temperate climate and heavy winter snowfalls of Hokkaido. Humidity soars in summer and drops down in winter. Japan has two "extra" seasons: the rainy season in June and the typhoon season in September. Average annual rainfall is 1,460 mm (Tokyo). The Japanese look forward to the transformations in their environment that accompany each change of season.

c. Society

* Language	Japanese
* Literacy Rate	99%
* Major Religion	Shinto, Buddhism Christianity

2. POPULATION

a. Population (1986)	121.7 million
b. Population Increase Rate (between Oct. 1985-Sep. 86)	0.52%
c. Population Density (1986)	326/km^2

d. Population Breakdown by Age Group (1986)

0-14	20.9%
15-64	68.5%
65-	10.6%

e. Main Urban Area (Dec., 31, 1987)

* Tokyo Area (23 words)	8,343,000
* Yokohama	3,116,000
* Osaka	2,648,000
* Nagoya	2,144,000
* Sapporo	1,598,000

f. Population and Area by Prefecture (Oct., 1986)

	AREA (km^2)	POPULATION (THOUSAND)	DENSITY		AREA (km^2)	POPULATION (THOUSAND)	DENSITY
HOKKA-	78,524	5,678	72	SHIGA	4,016	1,167	291
IDO				KYOTO	4,613	2,596	553
AOMORI	9,619	1,520	158	OSAKA	1,868	8,706	4,661
IWATE	15,277	1,431	94	HYOGO	8,381	5,302	633
MIYAGI	7,292	2,190	300	NARA	3,692	1,319	357
AKITA	11,612	1,249	108				
				WAKA-	4,725	1,085	230
YAMAGATA	9,327	1,262	135	YAMA			
FUKUSHI-	13,784	2,085	151	TOTTORI	3,494	617	177
MA				SHIMANE	6,628	794	120
IBARAKI	6,094	2,746	451	OKAYAMA	7,090	1,923	271
TOCHIGI	6,414	1,879	293	HIRO-	8,467	2,831	334
GUMMA	6,356	1,930	304	SHIMA			
SAITAMA	3,799	5,950	1,566	YAMA-	6,106	1,599	262
CHIBA	5,150	5,216	1,013	GUCHI			
TOKYO	2,164	11,893	5,496	TOKU-	4,145	835	201
KANAGAWA	2,402	7,542	3,140	SHIMA			
NIIGATA	12,579	2,479	197	KAGAWA	1,882	1,024	544
				EHIME	5,672	1,529	270
TOYAMA	4,252	1,119	263	KOUCHI	7,107	838	116
ISHIKAWA	4,197	1,155	275				
FUKUI	4,192	820	196	FUKUOKA	4,961	4,740	955
YAMANA-	4,463	838	188	SAGA	2,433	880	352
SHI				NAGASAKI	4,112	1,591	387
NAGANO	13,585	2,144	158	OITA	6,338	1,250	197
GIFU	10,596	2,036	192	MIYAZAKI	7,735	1,175	152
SHIZUOKA	7,773	3,596	463	KAGO-	9,166	1,817	198
AICHI	5,138	6,507	1,266	SHIMA			
MIE	5,778	1,757	304	OKINAWA	2,255	1,190	528
				TOTAL	372,819	121,672	326

b. Household Income

(1) Monthly Income and Expenditure for Average Househ… by Areas (1987)

AREA	NUMBER OF PERSON PER HOUSEHOLD	ACTUAL INCOME		CONSUMER SPENDING
		INCOME (YEN)	ANNUAL RATE OF INCREASE (%)	
AVERAGE	3.77	460 613	1.7	295 915
HOKKAIDO	3.61	426 451	−2.4	278 828
TOHOKU	3.76	442 623	2.5	281 049
KANTO	3.75	494 864	2.0	319 205
HOKURIKU	3.90	476 049	−1.4	301 196
TOKAI	3.82	457 052	−0.7	284 020
KINKI	3.80	458 542	3.3	297 284
CHUGOKU	3.69	463 069	5.6	301 313
SHIKOKU	3.63	428 490	2.1	272 490
KYUSHU	3.86	400 135	2.3	259 060
OKINAWA	3.97	318 449	−0.9	210 992

(2) Monthly Income and Expenditure for the Average Working Man's Household (1986)

(Units: yen)

Number of persons per household	Actual income	Ordinary income: Income from employment: Head of household: Regular income	Ordinary income: Income from employment: Head of household: Additional income and bonuses	Ordinary income: Income from employment: Wife: Income	Ordinary income: Income from employment: Other household members: Income	Ordinary income: Income from side business and jobs	Ordinary income: Other ordinary income	Extra-ordinary income	Actual expenditures	Consumer spending	Food
3.78	452,942	291,751	81,517	37,383	16,450	6,014	10,198	9,620	367,052	293,630	74,889

Housing	Utilities	Furniture, household items	Clothing and footwear	Health and medical care	Transportation and communications	Education	Culture recreation	Other consumer spending	Balance	Net savings increase	Disposable income
14,215	16,912	11,888	20,554	6,985	28,819	13,118	26,142	80,109	85,890	51,241	379,520

3. EMPLOYMENT

a. Individuals Employed (Dec. 87) 59,120,000

b. Rate of Unemployment: (Dec. 87) 2.8%

4. ECONOMY

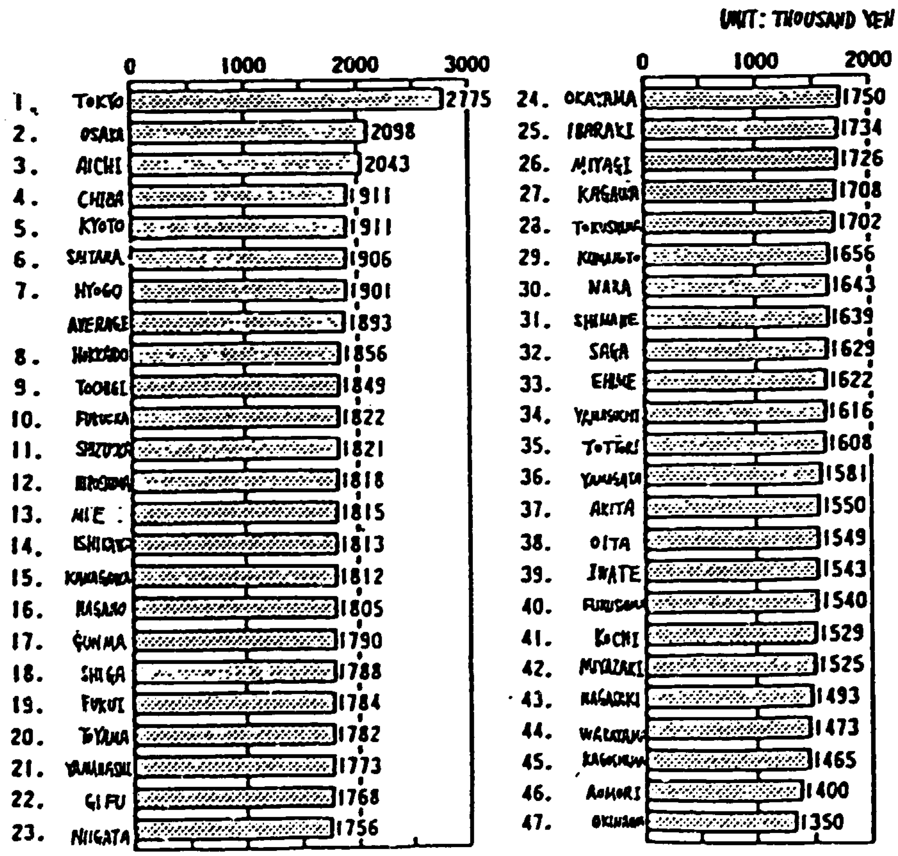
a. National Income

* Gross National products (¥1,000 billion)

1986	1987 (Expected)	1988 (Government forecast)
334.7	348.4	365.2

* National Income Per head (1987) ¥515,000

* Per-head Income by Prefecture (1984)



* Annual GNP growth rate (real) (1987) 4.2%

(3) Food Purchases Per Year for the Average Household (1986)

▲ Ordinary Rice	151 kg
▲ Bread	21 kg
▲ Dried noodles	8.7 kg
○ Tuna	3.4 kg
□ Horse mackerel	2.5 kg
○ Bonito	1.5 kg
▲ Sole	2.3 kg
○ Shrimp	2.8 kg
▲ Pike	2.2 kg
▲ Yellowtail	2.1 kg
▲ Squid	5.2 kg
□ Salted salmon	4.0 kg
□ Cod roe	1.1 kg
□ Beef	9.9 kg
□ Pork	18.6 kg
□ Chicken	14.6 kg
▲ Ham	4.1 kg
○ Sausages	4.5 kg
▲ Milk	99 ℓ
□ Cheese	1.5 kg
□ Eggs	41 kg
□ Cabbage	21 kg
○ Spinach	8.1 kg
□ Long onions	5.9 kg
○ Lettuce	6.8 kg
▲ White potatoes	17.0 kg
○ Daikon (giant white radish)	22.7 kg
▲ Carrots	9.7 kg
▲ Round onions	18.1 kg
▲ Cucumbers	15.8 kg
▲ Eggplants	7.8 kg
▲ Tomatoes	13.4 kg
○ Apples	17.8 kg
▲ Tangerines	34.2 kg
○ Lemons	1.6 kg
▲ Grapes	4.6 kg
○ Strawberries	4.8 kg
○ Bananas	13.7 k
□ Edible oil	10.7 k
□ Margarine	2.7 k
□ Soy sauce	14.4 ℓ
□ Miso	11.2 k
□ Sugar	11.6 k
▲ Top grade Japanese sake	6.3 ℓ
□ Beer	45 ℓ
▲ High grade whisky	0.67 ℓ
□ Green tea	1.4 k

Note: ○ indicates purchases increased during the last 4 to 5 years.
□ indicates purchases remained steady.
▲ indicates purchases decreased.

(4) Monthly Food Expenses and Percentage Spent on Restaurants per House hold for All Households in Japan (1980-86)

Year	Percentage of Restaurant Cost	Total Food Costs
1980	12.7%	¥66,923
1981	12.9%	¥69,183
1982	13.4%	¥71,342
1983	13.9%	¥72,173
1984	13.9%	¥72,962
1985	14.1%	¥73,735
1986	14.8%	¥73,995

c. Price Increase

* Rate of Increase in:

	1987 (expected)	1988 (forecast)
a. Wholesale Prices(%)	-1.7	0.3
b. Consumer Prices(%)	0.7	1.3

d. Balance of Payments and Exchange Rates

(1) Balance of Payments(1987)

- * Current Balance(in US.100 million) 820
- * Trade Balance(in US.100 million) 920

(2) Exchange Rates(in Japanese Yen to the Dollar)

- * Current Rate 133.05
  (Tokyo Market Closing, July 20, 1988)
- * 1987
  - High .... 121 $\underline{85}$
  - Low .... 159 $\underline{20}$
  - Average .... 144 $\underline{50}$

e. Self Sufficiency in Agriculture (1986)

- * Overall 70%
- * Cereals 31%
- * Meats 78%
  - Beef 69%
  - Poak 82%

Annex II

Tables A-2.1 - A-2.13

Source: Japan Exports and Imports, Ministry of Finance

Annex II

Table A-2.1: a/ b/ Beef and veal import in quantity (t) and value (million Yen)

	1983		1984		1985		1986		1987	
	Q	V	Q	V	Q	V	Q	V	Q	V
Sweden	133	-	381	-	944	344	686	201		
Canada	232	-	298	-	247	221	233	136	258	244
USA	37,728	-	41,640	-	45,938	43,266	62,137	40,415	85,292	54,749
Mexico	17	-	1,490	-	1,602	1,529	2,070	1,532	4,051	3,098
Australia	91,043	-	91,962	-	93,129	59,420	105,266	47,479	121,127	52,669
New Zealand	7,734	-	7,580	-	6,965	5,459	6038	3,157	7,862	3,990
Vannatu	178	-	336	-	448	245	519	198	797	274
Others	477	-	1,197	-	934	-	999	-	-	-
TOTAL	137,542	-	145,084	-	150,207	111,042	177,948	93,469	-	-

Source: Meat Statistics in Japan, MAFF ('83-'86)
Japan Exports and Imports, Ministry of Finance ('87)

a/ Excluding internal organs and tongue, meat offals

b/ The value obtained only in 1985 and 1986 from MAFF, while the value in 1987 calculated from Exports and Imports Statistics. The 1987 quantity and value include bones.
For other years, boneless equivalent.

Table A-2.2: a/ b/ Pork import in quantity (t) and value (million Yen)

	1983 q.	1983 v.	1984 q.	1984 v.	1985 q.	1985 v.	1986 q.	1986 v.	1987 q.	1987 v.
Taiwan	32,860	-	49,573	-	66,929	58,737	82,760	69,695	134,333	97,930
Denmark	17,676	-	75,083	-	77,433	67,566	78,100	65,732	92,943	67,007
Sweden	19,349	-	7,738	-	4,488	3,884	2,781	2,375	1,702	1,249
Finland	3,536	-	2,380	-	1,258	1,094	666	556	583	431
Ireland	10,580	-	4,442	-	2,834	2,478	2,828	2,411	3,926	2,830
Canada	41,828	-	29,589	-	21,944	9,171	22,435	19,093	20,234	14,713
USA	35,413	-	22,945	-	11,906	10,803	14,730	13,055	21,446	16,510
Others	4,209	-	2,714	-	2,329	-	2,268	-	-	-
TOTAL	165,451	-	194,464	-	189,121		206,568		-	-
			-		-	165,789		174.826		

Source: Meat Statistics in Japan, MAFF ('83-'86)
Japan Exports and Imports, Ministry of Finance ('87)

a/ Excluding internal organs and tongue, meat offals

b/ The value obtained only in 1985 and 1986 from MAFF, while the value in 1987 calculated from Exports and Imports Statistics. The 1987 quantity and value include bones.
For other years, boneless equivalent.

Table A-2.3 Import quantity (kg) and value (million Yen) for sausages

	1985		1986		1987	
	Q	V	Q	V	Q	V
China	8,716	8.8	29,644	11.7	119,946	56.9
Taiwan	-	-	172,793	56.8	219,524	75.7
Norway	4,181	4.2	2,382	2.5	1,080	0.7
Sweden	1,500	0.8	876	0.5	2,061	1.3
Denmark	153,616	68.3	135,950	60.7	138,724	64.9
Netherlands	86,978	57.6	101,989	68.9	130,977	94.6
France	-	-	-	-	2,443	0.8
Fed.Rep. Germany	117,473	69.6	130,725	91.7	124,776	92.3
Switzerland	3,412	7.2	1,306	2.6	2,128	4.0
Italy	6,000	5.3	-	-	565	0.6
Canada	26,292	24.7	15,446	14.0	26,165	25.1
USA	396,892	295.2	561,253	329.1	699,264	336.9
Mexico	-	-	37,600	15.0	371,780	134.4
Australia	274,412	153.7	754,864	297.3	558,270	223.5
New Zealand	145,038	95.5	123,591	62.1	112,863	50.3
Belgium	524	0.8	-	-	-	-
TOTAL	1,225,034	791.8	2,068,419	1,012.9	2,510,566	1,162.0

Table A-2.4 Import quantity (kg) and value (million Yen) for ham (not sterilized)

	1985		1986		1987	
	Q	V	Q	V	Q	V
Taiwan	-	-	-	-	2,440	3.58
Denmark	5,700	3.1	-	-	2,855	1.06
Fed.Rep.Germany	1,219	1.2	4,714	7.9	3,728	6.28
Switzerland	300	0.6	3,074	6.9	860	1.96
Canada	-	-	2,445	3.4	9,055	10.15
USA	-	-	679	0.7	599	0.72
Australia	816	0.6	-	-	-	-
France	-	-	119	0.2	-	-
Sweden	-	-	210	0.3	-	-
TOTAL	8,035	5.5	11,241	19.3	19,537	23.75

Table A-2.5 Import quantity (kg) and value (million Yen) for sterilized ham

	1985		1986		1987	
	Q	V	Q	V	Q	V
Sweden	210	0.3	204	0.3	368	0.47
Denmark	16,289	19.6	18,161	27.3	36,804	59.09
United Kingdom	-	-	-	-	251	0.69
Netherlands	2,864	3.8	2,956	3.0	1,955	1.76
Fed.Rep. Germany	6,048	10.1	7,040	12.5	2,642	5.82
Switzerland	21,954	64.6	27,381	76.8	32,777	97.37
Italy	-	-	-	-	773	1.53
Canada	4,217	10.6	5,131	8.4	1,553	3.02
USA	1,336	1.4	572	0.4	3,295	3.09
Australia	310	0.6	138	0.2	6,947	5.10
Taiwan	-	-	1.006	1.7	-	-
France	-	-	474	0.9	-	-
TOTAL	53,228	110.9	63,063	131.4	87,365	178.05

Table A-2.6 Import quantity (kg) and value (million Yen) for bacon (not sterilized)

	1985		1986		1987	
	Q	V	Q	V	Q	V
Denmark	-	-	-	-	2,520	1.39
Canada	-	-	-	-	172	0.20
USA	3,455	2.6	4,792	6.6	12,492	16.47
Australia	6,839	8.5	-	-	-	-
TOTAL	10,294	11.1	4,792	6.6	15,184	18.05

Table A-2.7 Import quantity (kg) and value (million Yen) for sterilized bacon

	1985		1986		1987	
	Q	V	Q	V	Q	V
Denmark	82,565	49.6	21,820	9.8	42,254	20.34
USA	31,564	35.9	38,064	29.6	47,344	33.47
Canada	-	-	651	0.9	-	-
TOTAL	114,129	85.5	60,535	4.3	89,598	53.81

Table A-2.8 Import quantity (kg) and value (million Yen) for corned beef

	1985		1986		1987	
	Q	V	Q	V	Q	V
China	10,020	4.8	6,185	3.1	244	0.87
Norway	-	-	-	-	209	0.21
France	-	-	-	-	139,346	69.5
Rumania	38,862	20.6	42,586	17.9	38,078	13.41
USA	13,872	11.7	-	-	4,847	1.79
Brazil	355,964	280.4	526,033	280.4	431,416	254.7
Uruguay	-	-	-	-	4,071	2.16
Argentina	21,924	14.0	83,768	39.3	54,970	25.6
Australia	5,875	4.0	7,879	3.4	3,427	1.43
New Zealand	47,676	56.6	52,280	50.7	86,580	82.03
Spain	489	0.2	-	-	-	-
Finland	816	0.3	-	-	-	-
TOTAL	495,498	392.7	718,731	394.7	765,388	451.71

Table A-2.9 Import quantity (kg) and value (million Yen) for preserved meat or meat offal of bovine animals in air-tight containers

	1985		1986		1987	
	Q	V	Q	V	Q	V
China	5,634	4.01	26,305	17.6	53,454	25.57
Taiwan	-	-	-	-	13,795	6.8
Denmark	38,693	19.1	10,308	4.5	19,488	6.3
United Kingdom	-	-	-	-	414	0.21
Brazil	9,577	5.0	-	-	-	-
Netherlands	4,977	1.4	-	-	-	-
Fed. Rep. Germany	194	0.2	-	-	826	1.81
Switzerland	787	2.3	941	3.8	310	1.33
Italy	-	-	-	-	1,000	0.45
USA	204,816	93.4	226,996	114.2	213,828	72.21
Australia	501,791	205.1	818,611	232.4	761,222	221.05
Uruguay	-	-	996	0.4	-	-
Hong Kong	-	-	1,827	0.9	-	-
India	-	-	6,030	1.6	-	-
Norway	2,424	1.2	480	0.2	-	-
TOTAL	768,893	331.9	1,092,494	375.6	1,064,344	335.7

Table A-2.10 Import quantity (kg) and value (million Yen) for preserved meat or meat offal of bovine animals; simply boiled in water

	1985		1986		1987	
	Q	V	Q	V	Q	V
Hong Kong	-	-	-	-	268,829	187.5
USA	63	0.2	67,331	41.1	283,579	157.8
Ethiopia	60,196	58.5	39,970	28.9	59,845	34.1
Australia	3,915,261	2,601.9	4,713,585	2,161.0	5,753,327	2,694.2
New Zealand	77,909	68.2	620,896	412.3	240,048	163.5
TOTAL	4,053,429	2,728.8	5,441,782	2,643.3	6,605,628	3,237.1

Table A-2.11 Import quantity (kg) and value (million Yen) for preserved meat or meat offal of bovine animals (N.E.S.)

	1985		1986		1987	
	Q	V	Q	V	Q	V
Taiwan	-	-	-	-	34,940	12.39
Hong Kong	593	0.3	-	-	2,585	1.14
Netherlands	-	-	4,135	5.0	2,246	4.1
Italy	-	-	1,500	0.5	4,590	2.4
Canada	-	-	3,395	5.5	7,683	24.66
USA	1,495.707	2,926.4	1,900,097	2,196.8	1,944,082	2,624.0
Australia	341,446	282.5	409,126	326.1	379,098	309.15
New Zealand	42,923	48.5	11,269	11.3	13,158	14.8
Fed. Rep. Germany	-	-	563	0.9	-	-
People's Rep. Korea	250	1.2	-	-	-	-
TOTAL	1,880,919	3,259.0	2,336,085	2,546.2	2,388.382	2,992.64

Table A-2.12 Import quantity (kg) and value (million Yen) for preserved meat or meat offal of pigs in air-tight containers

	1985		1986		1987	
	Q	V	Q	V	Q	V
China	1,655,259	515.8	1,655,986	478.3	1,724,064	330.4
Taiwan	-	-	1,663	1.2	50,043	25.0
Thailand	-	-	-	-	25,170	15.3
Denmark	4,972,499	2,281.2	5,309,734	2,170.5	4,851,842	1,786.2
Netherlands	31,868	14.4	58,739	22.6	68,283	23.6
Belgium	30,508	15.3	15,912	5.5	16,591	6.5
France	41,135	121.8	40,499	108.7	50,513	131.2
Fed.Rep.Germany	1,126	1.7	18,542	9.5	2,648	3.5
Switzerland	333	0.4	328	0.4	459	0.5
Yugoslavia	-	-	-	-	312	0.2
Romania	3,268	1.9	3,268	1.5	1,089	0.4
USA	60,915	57.2	96,823	67.6	155,085	98.5
Canada	1,612	0.7	1,075	0.3	-	-
Norway	400	0.2	359	0.2	-	-
Spain	546	0.3	-	-	-	-
TOTAL	6,799,555	3,011.1	7,202,928	2,866.4	6,946,149	2,471.3

Table A-2.13 Import quantity (kg) and value (million Yen) for meat extracts and meat juices

	1985		1986		1987	
	Q	V	Q	V	Q	V
China	-	-	-	-		
Taiwan	-	-	3,411	2.2	151	1.27
United Kingdom	475	3.0	1,250	4.4	6,000	3.43
Fed.Rep.Germany	-	-	-	-	250	1.41
USA	171,633	274.3	83,234	112.0	1,060	2.75
Brazil	78,053	129.5	127,304	162.4	1,999	6.67
Uruguay	10,008	17.6	12,065	17.9	145,565	319.75
Argentina	40,106	54.6	19,320	24.2	9,551	21.65
Australia	76,792	130.5	71,375	87.4	7,711	9.11
New Zealand	4,120	2.9	7,980	3.0	75,458	126.09
Hong Kong	-	-	21	0.2	11,360	9.08
TOTAL	381,187	612.4	325,968	413.8	-	501.2

Annex III

POTENTIAL IMPORTERS / BUSINESS PARTNERS

Name	Address	Telephone
1. Processed meat manufacturers		
Nippon Meat Packers Inc.	MINAMIHONMACHI, HIGASHIKU OSAKA 541	06-282-3031/4-47
Ito Ham Foods, Inc.	TAKAHATA-CHO, NISHINOMIYASHI HYOGO-KEN, 663	0798-66-1231/4-27
Purima Meat Packers	KASUMIGASEKI, CHIYODA-KU TOKYO 100	03-593-6710/3-2-5
Marudai Foods Co. Ltd.	MIDORI-MACHI, TAKATSUKI-SHI OSAKA 569	0726-75-1111/21-3
Snow Brand Foods Co.	NARIHIRA, SUMIDA-KU TOKYO 130	03-626-0951/1-7-10
Nichirei Corp.	MISAKICHO, CHIYODA-KU TOKYO 101	03-237-2101/3-3/23
Aginomoto Co.	KYOBASHI, CHUO-KU TOKYO	03-272-1111/2-5-8
Otsuka Food Co. Ltd.	OTEDORI, HIGASHI-KU, OSAKA-SHI OSAKA 540	06-943-7755/2-31
2. Trading companies		
Mitsubishi Corp.	MARUNOUCHI CHIYODA-KU, TOKYO	03-210-2121/2-6-3
Mitsui & Co. Ltd.	OTEMACHI, CHIYODA-KU, TOKYO	03-285-1111/1-2-1
Itoman & Co.	HONCHO, HIGASHI-KU, OSAKA	06-244-8041/4-46
C. Itoh & Co. Ltd.	KITA-AOYAMA, MINATO-KU TOKYO	06-497-2121/2-5-1
Zenchiku Co. Ltd.	KOUNAN MINATO-KU, TOKYO	03-471-5521/2-5-7
3. Supermarkets		
The Daiei, Inc.	SHIBAKOEN, MINATO-KU TOKYO	03-433-9151/2-4-1
Ito-yokado, Co. Ltd.	SHIBAKOEN, MINATO-KU TOKYO	03-459-2533/4-1-4
The Seiyu Ltd.	HIGASHI-IKEBUKURO TOSHIMA-KU TOKYO	03-989-5111/ Sunshine 60, 3-1-1
Jusco Co. Ltd.	NIHONBASHI HON-CHO, CHUO-KU, TOKYO	03-246-8961/1-6-1
Nichi Co. Ltd.	AWAJI-CHO, HIGASHI-KU, OSAKA	06-203-5075/2-14

Annex IV

LIVESTOCK INDUSTRY PROMOTION CORPORATION

(PAMPHLET PAGES 10-11)

(2) Purchase, Sale and Storage of Designated Meats

Under the Law Concerning the Price Stabilization of Livestock Products, the Minister of Agriculture, Forestry and Fisheries, upon advice from the Livestock Industry Promotion Council, also determines the upper and lower stabilization prices of designated meats – domestically produced beef and pork – in the major wholesale meat markets by taking into account the conditions of production, the supply-demand situation and other economic conditions. Consideration is given here also to ensure continued production of such meats.

The upper stabilization prices of designated meats are established to prevent wholesale prices from rising beyond these levels. To keep wholesale prices below such levels, the LIPC sells to the market imported beef, as well as domestic beef or pork, which has been purchased and stocked earlier when the market prices were in a slump.

In addition, to prevent wholesale prices from falling below the lower stabilization prices, the LIPC purchases designated meats at the lower stabilization prices.

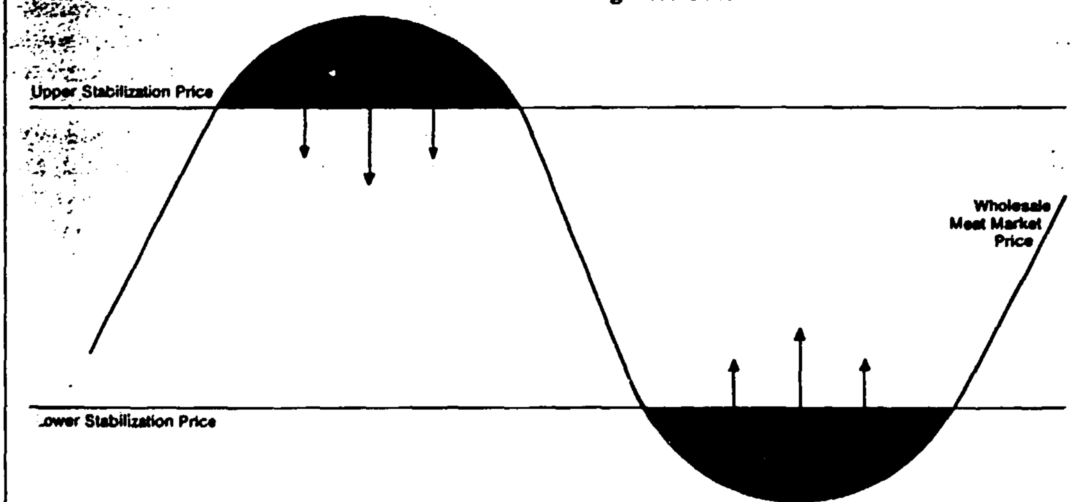
(a) Pork

The LIPC in its history has purchased domestic pork only twice. The first purchase was made between March and June of 1962 when increased production brought about a major fall in pork prices, while the second purchase was carried out between March 1966 and July 1967, when these purchases took effect and sound wholesale prices were restored. As a result, the LIPC sold out its pork inventories between August 1962 and May 1963 and again between August 1967 and July 1968. Pork imports were liberalized in 1971.

(b) Beef

With the May 1975 amendment to the Law Concerning the Price Stabilization of Livestock Products, beef became a designated meat along with pork and a system for price stabilization of domestic beef was inaugurated. The supply of domestically produced beef is currently insufficient to meet demand in Japan. To satisfy this surplus demand the LIPC is exclusively allocated a beef import quota by the Government, and is engaged in the purchase and sale of imported beef.

Price Stabilization of Designated Meats



Pork		Release of Pork in Stock			Private Storage for Market Adjustment Purchases of Domestic Pork	
Beef		Increase in Amount of Imported Beef Released Release of Domestic Beef in Stock		Decrease in Amount of Imported Beef Released	Release of Imported Beef Halted Purchases of Domestic Beef	

The Government determines the required volume of beef imports, usually on a semiannual basis, by taking into account the domestic su^ply-demand situation for the relevant period. Ninety percent of the general import quota, or about 80% of Japan's total import quota (including the special quota) is allocated to the LIPC.

The LIPC adjusts the amount of imported beef for sale to the domestic market so that the wholesale prices of domestic beef can be kept within the stabilization price range. In other words, when the wholesale prices shoot up due to reduced domestic production or increased demand, the LIPC increases the amount of beef available by selling imported beef that is already in stock. The LIPC reduces the volume of imported beef released to the market when the wholesale prices go down. The amount of imported beef purchased by the LIPC is set within the range of the import quota by taking into consideration the domestic beef supply and demand situation and the LIPC's inventory levels of imported beef.

The LIPC's purchase price of imported beef is based on prices decided after taking into account CIF (cost, insurance, and freight) prices, exchange rates and other miscellaneous costs. The final price is determined through bidding by the designated importers.

The amount of imported beef to be sold in the domestic market is decided according to domestic beef production and the demand situation. The primary methods of selling are auction in the wholesale meat markets and bids by the LIPC designated groups organized by meat wholesalers, processors and retailers respectively. As a result of the governmental beef negotiation in 1984, a new trading system was introduced to facilitate negotiations between overseas suppliers and Japanese importers. The first bidding took place in February, 1985.

Any profit accruing from such purchase and sale of imported beef serves as a source of funds for subsidization of or investment in the designated assistance projects, which will be explained later.

In addition, to promote the retail sale of imported beef at reasonable prices and under appropriate labelling, the LIPC is selling imported beef directly to some 3,000 designated retail stores in major cities throughout Japan.

(3) Subsidizing the Cost of Storing Livestock Products for Market Adjustment

In case the prices of designated dairy products, designated meats and eggs decline significantly or are likely to decline significantly, producers' associations can, with the approval of the Minister of Agriculture, Forestry and Fisheries, retain these products in storage for the purpose of market adjustment so as to maintain or reestablish prices. In this event, the LIPC is empowered to subsidize the producers' associations for the cost of that storage.

Annex V

PEOPLE MET IN INTERVIEWS

1. Ministry of Agriculture, Forestry and Fishery (MAFF) (phone: 03-502-8111)

Mr. INO, Takao;	Int'l Cooperation Division, Int'l Dept., Economic Dept.
Mr. IMAI, KEIJI;	Int'l Cooperation Div., Int'l Dept., Economic Dept.
Mr. ARAI, Koichi;	Agricultural & Forestry Statistics Division;
Mr. SANO, Hirohiko;	Sanitary Div., Livestock Dept.
Mr. SUGIURA, Katsuaki;	Meat & Egg Division, Livestock Dept.

2. Livestock Industry Promotion Corporation (phone: 03-582-3381)

Mr. YOSHIDA, MITSURU; Coordinator of Planning Dept.

3. Japan External Trade Organization (JETRO) (phone: 03-582-5186)

Mr. TANAKA, Kunihito;	Agriculture Research Division, Agriculture Dept.
Mr. KAMBARA, Masao;	Agriculture Dept.

4. Japan A.A. Meat Traders Association (phone: 03-444-2177)

Dr. FUKASE, Makoto; Senior Vice-Chairman

5. Meat Consumption Center (phone: 03-584-0291)

Mr. AMAMIYA

6. Shokuniku Tsushinsha (publisher) (phone: 03-663-2011)

Mr. CHIKADA

7. Mitsui & Co. Ltd (phone: 03-285-5828)

Mr. TAGAYA, Yasuharu; First Meat Import Sec., Meat and Food Division

8. Itoman & Co., Ltd. (phone: 03-478-9331)

Mr. SAKURAI, Tsuneo; Meat Dept.

9. Nichirei Co. Ltd. (phone: 03-237-2223)

Mr. ASANO; Trade Division II.

10. Purima Meat Packers (phone: 03-767-8613)

Mr. IWASAKI, Akio; Meat Dept.

11. Ito-Yokado Co. Ltd. (phone: 03-459-3304)

Mr. KAIDA, Masaru; Research & Development Sec., Food Merchandising Dept.