1 Pre-Cooked Frozen Foods

1. Market conditions in Japan
   (1) Definition of category
   Frozen foods are roughly classified into frozen food materials such as agricultural products, fishery products
   and livestock products, pre-cooked frozen foods combined with those food materials and the frozen
   confectionery.

   This report covers the pre-cooked frozen foods, which used composite foodstuffs (except seasoning, oils and
   fats) as raw materials. Frozen confectionery is excluded.

   (2) Market Trends
   The domestic production of pre-cooked frozen foods in 2005 exceeded slightly the previous year, and
   reached a record high of 1,305,111 tons. The volume of production has been decreasing since 1999 at 542,700
   million yen (0.3% decrease compared with the year before). This shows that market has been facing with a
   sever price competition under the situation that discount sales being everyday affairs in the most of
   supermarkets. (see Fig. 1) Japanese manufacturers are shifting productions to overseas such as China and
   Thailand to capitalize cheaper labor costs and raw materials and trying to increase their market share and
   improve their profitability by producing value added pre-cooked frozen foods which require much time and
   effort to produce, almost impossible to produce in Japan anymore, such as handmade meat-stuffed cabbage,
   Yakitori (charcoal grilled chicken) and the boneless fish for easy to eat by removing all the bones out of fish
   by hand.

   According to the research by Japan Frozen Food Association, the staple articles (2005 yearly turnover base)
   of domestic production are croquettes (8.3% of the whole pre-cooked frozen foods), cutlets (7.2%) and other
   fries (7.1%), and fries account for 30% of the domestic production (31.4% in amount and 29.2% in quantity).
   Other than such fries, the followings account certain percentage of the pre-cooked frozen foods production,
   which are pilafs (6.7% of the production) and other noodles such as ramen noodles, soba noodles and pasta
   (5.9% of the production). Production of pre-cooked frozen foods such as squid fries, jiao-zi (meat dumpling),
   stew, soup, sauce and cutlets are increasing compared with the previous year. Production of fried shrimps and
   rice based pre-cooked frozen foods are decreasing. (see Fig. 1)

   Seeing from the usage side of the pre-cooked frozen foods including frozen food materials, the outlet for
   business use of the frozen food decreases for eight consecutive years with a peak of 1,080,000 tons in 1997,
   and has became 988,000 tons in 2005. However, this does not mean that the business use market is rapidly
   shrinking. It is because the import of the frozen food is increasing and taking bigger market share instead of
   domestic production. On the other hand, domestic production for home use keeps on increasing, and outlet in
   2005 reached at about 550,000 tons. The proportion of frozen food for business use to home use changes from
   68.8:31.2 in 2001 to 64.3:35.7 in 2005 and this shows that the market for home use pre-cooked frozen foods is
   expanding favorably. (see Fig. 2)

   According to the Japan Frozen Food Association, yearly per-capita frozen food consumption (based on
   domestic production and imported frozen vegetables, excluding imported pre-cooked frozen foods) is
   calculated 18.2kg in 2005. Under the influence of the import voluntary restraint measure caused by the
   detection of residual agricultural chemicals exceeding standard level in frozen spinach produced in China, the
   frozen food consumption decreased consecutively in 2002 to 2003. However, demand on frozen vegetable was
   recovered in 2004 and its consumption turned into increasing. The consumption of Japanese frozen foods is
   expected to be expanded its volume comparing with the U.S.A. (60.3 kg in 2002), Britain (49.3 kg), Germany
   (34.5 kg), and France (30.0 kg).

   Against the background of the prolonged deflation, the first food industry, which is the main market of
   pre-cooked frozen foods, is still demanding severe cost cutting. Even at the consumer market, consumers'
   law-priced intention is still strong and the pre-cooked frozen foods having the ability to pull in more customers
   are likely at the forefront of the discounts in the supermarkets and this leads to the worsening of profitability
   in the whole industry. In addition, facing with unfavorable conditions such as residual-agricultural-chemicals
   problem in a frozen spinach from China and suspensions of the import for the livestock products caused by the
   avian influenza and BSE, the profitability is still in difficult condition. Refraining from the import of the
   frozen spinach stroke a severe blow not only to frozen vegetable but to whole pre-cooked frozen foods, due to
   spoiling consumers' reliability on frozen foods. Tightening of regulations were being required amid of growing
   fear from consumers and in May, 2006, the Government introduced the positive list system which regulates
   agricultural chemicals, antibiotic and drug for animals remaining in the stock animal and fishery products and
D-1. Pre-Cooked Frozen Foods

in vegetable. (see 3. (1) Regulation and Procedural Requirements). Major companies try to strengthen its production management system by procuring raw materials just from designated producers, farming site management, inspection system and establishing traceability system. Concerning pre-cooked frozen foods, even if some problems occur caused by the suppliers of raw materials and/or outsourced manufacturers, the brand owner or the manufacturers are held responsible for their products. The pre-cooked frozen foods industry is faced with the subject that it must be strictly coped with to a safety problem while reducing cost.

**Fig. 1** Domestic production of pre-cooked frozen foods by category

<table>
<thead>
<tr>
<th>Item</th>
<th>2004</th>
<th>2005</th>
<th>Share</th>
<th>Yearly change</th>
<th>2004</th>
<th>2005</th>
<th>Share</th>
<th>Yearly change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fried foods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fried shrimp</td>
<td>7,216</td>
<td>5,571</td>
<td>1.0</td>
<td>7.2%</td>
<td>12,216</td>
<td>10,132</td>
<td>1.9%</td>
<td>82.9</td>
</tr>
<tr>
<td>Fried squid</td>
<td>2,732</td>
<td>3,616</td>
<td>0.7</td>
<td>132.4%</td>
<td>4,369</td>
<td>3,373</td>
<td>0.6%</td>
<td>77.2</td>
</tr>
<tr>
<td>Fried oysters</td>
<td>8,738</td>
<td>7,574</td>
<td>1.4</td>
<td>86.7%</td>
<td>11,186</td>
<td>9,320</td>
<td>1.7%</td>
<td>83.3</td>
</tr>
<tr>
<td>Fried fish</td>
<td>9,689</td>
<td>9,550</td>
<td>1.8</td>
<td>98.6%</td>
<td>10,797</td>
<td>10,877</td>
<td>2.0%</td>
<td>100.7</td>
</tr>
<tr>
<td>Other fried fishery products</td>
<td>19,595</td>
<td>21,051</td>
<td>3.9</td>
<td>107.4%</td>
<td>29,599</td>
<td>30,914</td>
<td>2.4</td>
<td>104.4</td>
</tr>
<tr>
<td>Croquettes</td>
<td>48,140</td>
<td>45,204</td>
<td>8.3</td>
<td>93.9%</td>
<td>164,892</td>
<td>161,152</td>
<td>12.4%</td>
<td>97.7</td>
</tr>
<tr>
<td>Cutlets</td>
<td>34,054</td>
<td>39,243</td>
<td>7.2</td>
<td>115.2%</td>
<td>66,880</td>
<td>80,920</td>
<td>5.2</td>
<td>121.0</td>
</tr>
<tr>
<td>Other fried foods</td>
<td>38,611</td>
<td>38,490</td>
<td>7.1</td>
<td>99.7%</td>
<td>72,601</td>
<td>69,393</td>
<td>5.3</td>
<td>95.6</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>168,775</td>
<td>170,299</td>
<td>31.4</td>
<td>100.9%</td>
<td>377,332</td>
<td>380,561</td>
<td>29.2</td>
<td>100.9</td>
</tr>
<tr>
<td>Pre-cooked foods other than fried foods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hamburger steaks</td>
<td>27,972</td>
<td>31,482</td>
<td>8.7</td>
<td>112.5%</td>
<td>56,713</td>
<td>66,591</td>
<td>5.1</td>
<td>117.4</td>
</tr>
<tr>
<td>Meatballs</td>
<td>13,409</td>
<td>15,069</td>
<td>2.8</td>
<td>112.4%</td>
<td>29,409</td>
<td>31,080</td>
<td>2.4</td>
<td>105.7</td>
</tr>
<tr>
<td>Shao mai dumplings</td>
<td>19,358</td>
<td>16,564</td>
<td>3.1</td>
<td>85.6%</td>
<td>45,044</td>
<td>41,055</td>
<td>3.1</td>
<td>91.1</td>
</tr>
<tr>
<td>Gyozas dumplings</td>
<td>11,960</td>
<td>14,758</td>
<td>2.7</td>
<td>123.4%</td>
<td>30,276</td>
<td>36,041</td>
<td>2.8</td>
<td>119.0</td>
</tr>
<tr>
<td>Spring roll</td>
<td>9,944</td>
<td>9,486</td>
<td>1.7</td>
<td>95.4%</td>
<td>21,582</td>
<td>22,498</td>
<td>1.7</td>
<td>104.2</td>
</tr>
<tr>
<td>Pizza</td>
<td>14,510</td>
<td>12,155</td>
<td>2.2</td>
<td>83.8%</td>
<td>22,229</td>
<td>23,629</td>
<td>1.8</td>
<td>106.3</td>
</tr>
<tr>
<td>Chinese steamed bread</td>
<td>5,194</td>
<td>5,909</td>
<td>1.1</td>
<td>113.8%</td>
<td>13,392</td>
<td>16,516</td>
<td>1.3</td>
<td>123.3</td>
</tr>
<tr>
<td>Subtotal</td>
<td>57,545</td>
<td>62,630</td>
<td>11.1</td>
<td>100.9%</td>
<td>115,030</td>
<td>120,338</td>
<td>4.8</td>
<td>104.2</td>
</tr>
<tr>
<td>Fried foods</td>
<td>168,775</td>
<td>170,299</td>
<td>31.4</td>
<td>100.9%</td>
<td>377,332</td>
<td>380,561</td>
<td>29.2</td>
<td>100.9</td>
</tr>
<tr>
<td>Frozen foods</td>
<td>175,220</td>
<td>175,637</td>
<td>31.5</td>
<td>100.9%</td>
<td>393,362</td>
<td>390,999</td>
<td>29.2</td>
<td>100.9</td>
</tr>
</tbody>
</table>

Units: tons, ¥ million. Encircled numbers indicate ranking.

Source: Compiled from data by the Japan Frozen Food Association

**Fig. 2** Trends in domestic production of pre-cooked frozen foods by application

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial use</td>
<td>1,038,161</td>
<td>99.4</td>
<td>1,026,357</td>
<td>98.9</td>
<td>1,002,531</td>
<td>97.7</td>
<td>999,563</td>
<td>99.7</td>
<td>988,879</td>
<td>98.9</td>
</tr>
<tr>
<td>Home use</td>
<td>469,941</td>
<td>103.4</td>
<td>458,969</td>
<td>97.7</td>
<td>494,159</td>
<td>107.7</td>
<td>527,062</td>
<td>106.7</td>
<td>550,130</td>
<td>104.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,508,102</td>
<td>100.6</td>
<td>1,485,326</td>
<td>98.5</td>
<td>1,496,690</td>
<td>100.8</td>
<td>1,526,625</td>
<td>102.0</td>
<td>1,539,009</td>
<td>100.8</td>
</tr>
</tbody>
</table>

Unit: tons

Source: Japan Frozen Food Association
The main makers of pre-cooked frozen foods are Katokichi, Nichirei, Nichiro, the Ajinomoto Frozen Food, and Nippon Suisan, and are presumed to have about 70 percent of the market share by these major companies. On the other hand, Kyokuyo and Yayoi Foods specialized in business-use pre-cooked frozen foods have high market share in the business-use market and Kewpie has high market share of egg products such as omelets, Nissin foods has high market share of pasta respectively.

Many of makers are trying hard to develop new products responding to diversification of consumer needs and lifestyle change, and to obtain No.1 market share of their products they are specialized in, in order to pull out of unprofitable hard competitive market. Main dish products such served in dinner came out into new target in this field instead of conventional hot-selling products like accompanying dish in the cold lunch and cooked rice and noodles (such as fried rice, a rice ball, Udon noodles, etc.). Makers are introducing products using particular ingredients, well-known restaurants and chef tasted products and health conscious in low calorie, and low-sodium foods for the purpose of their products being appeared on the dinner table at home once a week at least. The market on the frozen pre-cooked foods for children is supposed to shrink because of the declining of birthrate. Manufacturers are now trying to develop high value added products packed in small portion and assorted packages and to save heating preparation by thawing in natural temperature in order to market workingwomen and elderly persons. The competition on developing new precuts among manufactures is again heating up here. On the other hand, in commercial use market in contrast to home use market, the growing rate of “home-meal replacement” (full cooked meal bought at supermarkets, convenience stores and etc.) market is distinctively expanding. Manufacturers consider the importance of strengthening on development and sales promotion for home-meal replacement.

(3) Distribution System and Business Practices in Japan

To comply with consumer’s taste and business use, procuring raw materials, manufacturing process, quality and sanitation is to be managed with Japanese control system. For this reason, direct investment to overseas countries by many Japanese frozen food makers and distribution companies are expanding and they are having factories affiliated with their companies (the joint management and the business tie-up with local companies are included) and importing from those companies. This is the main business system in this field of Japan and not many companies import pre-cooked frozen foods, which produced by other foreign factories for their own recipes for their own markets (including the products modified for Japanese taste).

As to distribution channels for the pre-cooked frozen foods, makers deliver the products to retail stores and business users through the wholesalers, basically. However, they deliver the products directly to big buyers such as big supermarkets, convenience stores, big chain restaurants and pre-cooked food processors. (=> see Fig.3). Home use frozen food is generally distributed to retail stores, such as supermarkets, through primary wholesalers and then to secondary wholesalers specialized in frozen food. On the other hand, business use pre-cooked frozen foods is generally distributed to hotels, restaurants, daily dish stores and delicatessen, catering service, schools, hospitals through wholesalers specialized in business use channels.

Fig. 3 Distribution channels for pre-cooked frozen foods

![Distribution channels for pre-cooked frozen foods](image-url)
According to the research, which Japan Frozen Food Association conducted for the wholesaler of frozen food, No.1 buyer is the supermarket (prepared food) sharing 26.5% and restaurants take share of 10.1% consequently. In the case for home use, "GMS (General Merchandises Store) and SM (food supermarket)" occupy three-fourth or more of the whole sales amount. The distribution channel to the supermarket is very important for both business use and home use industries.

In the past several years, there has been a lot of realignment in the food wholesale industries, such as a business tie-up and M&A, etc. in order to strengthen the cost reduction by the group purchase system, cooperative delivery system among the wholesalers, strengthening of price competition, sharing of information and strengthening of the operational base, etc. And there comes new companies just specialized in business use pre-cooked foods having their own factory in overseas country and export, import and distribute by themselves cutting a middleman such as wholesalers to achieve competitive prices.

2. Trade Trends

(1) Import Trends in Japan

As the pre-cooked frozen foods are classified under many different HS numbers in official import statistics, there are no accurate statistics that make it possible to describe import trends. Just reviewing the import trend based on the yearly report conducted by the Japan Frozen Food Association to its member companies, import volume of the pre-cooked frozen foods increased up to 12.2% compared to the previous year to 291,098 tons. Imports grew on a value basis by 15.6% previous to 131.8 billion yen in 2005. Though the increase of importing pre-cooked frozen foods in 2003 and 2005 compared with those previous years went down a little, import value was increased 1.9 times and import volume was increased 1.8 times respectively from 2001.

The most common form of importation, reported by 28 firms, was offshore production at an overseas site of pre-cooked frozen foods destined for import into Japan (multiple responses permitted). 16 firms reported that they sell pre-cooked frozen foods acquired from a trading company or other importers. 4 firms reported that they sell pre-cooked frozen foods made by foreign makers and developed for their home markets (including those modified for the Japanese market).

(2) Principal Exporters to JAPAN and ASEAN's Position

China, a leading country of exporting pre-cooked frozen foods to Japan at 76.8 billion yen occupies 58.3% of total import value in 2005. The value of import is doubled from 2001 reflecting some Japanese leading frozen food makers such as Katokichi, Nichirei, and Nippon Suisan having founded the production base in China. Thailand, follows China, exported pre-cooked frozen foods to Japan at 38.2 billion yen accounting
29.0% of import value. China and Thailand share 87.3% of total imports value. As Thailand has natural advantages in plentiful fishery resources like shrimps and whitefish etc., Ajinomoto Frozen Food, Katokichi and Nichirei have founded the production base there.

Some of the Japanese makers are extending their production base in Vietnam where they can get low-labor cost and running cost instead of China where labor cost started rising. The value of import from Vietnam in 2005 was 6.8 billion yen (accounting 5.2%) and increased by 9 times of import value from 2001. Those three ASEAN countries such as Thailand, Vietnam and Indonesia account 38.0% of total import of pre-cooked frozen foods in Japan and this account shows those three countries are now developing as a production base of Japanese makers subsequently to China.

In addition, through subsidiary companies in Japan, major overseas makers such as Heinz, Nestle, and McCain Foods import fried fish, French fries, sauce and pasta, etc., from production bases in the U.S.A, Canada, and Italy, and distribute mainly to the food service industry.

### Fig. 5 Principal exporting countries and regions of pre-cooked frozen foods to Japan

<table>
<thead>
<tr>
<th>[Import value from major countries]</th>
<th>[Share of import value in 2005]</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image.png" alt="Graph showing import value from major countries" /></td>
<td><img src="image.png" alt="Graph showing share of import value in 2005" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td>3,747</td>
<td>4,852</td>
<td>5,328</td>
<td>6,175</td>
<td>12,501</td>
</tr>
<tr>
<td><strong>Volume</strong></td>
<td>3,747</td>
<td>4,852</td>
<td>5,328</td>
<td>6,175</td>
<td>12,501</td>
</tr>
<tr>
<td><strong>Average unit price</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38.3%</td>
</tr>
</tbody>
</table>

### (3) Imports’ Market Share in Japan

The size of pre-cooked frozen foods market both domestic and import products (actual import by the members of the Japan Frozen Food Association only) in 2005 was 1.59 million tons (2.7% increase from a year before). As mentioned above, since there is no public statistics for the volume of import of pre-cooked frozen foods, the share of import products cannot be counted accurately. However, in accordance with the actual import volume of the member companies of the Japan Frozen Food Association, the market share of import products are increasing year by year and account 18.2% in 2005. (see Fig. 6)

More Japanese frozen food makers adopt One-Frozen system (a process to freeze fresh ingredients at the local place) in China and ASEAN countries where plenty of ingredients and low laboring cost can be prepared easily. Big manufacturers go further to obtain their farmland and hog farm for exclusive use and establish a food traceability system back to the supply of raw materials for enhancing overseas production for better safety management. The share of an import continues to be expected to grow. It is said that the imported pre-cooked frozen foods will surely continue to increase its market share in Japan in the future.
Fig. 6 Share of imported pre-cooked frozen foods in the Japanese market

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Production</th>
<th>Imports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Yearly change)</td>
<td>(Yearly change)</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>1,252,764 (101.5)</td>
<td>160,868 (125.9)</td>
<td>1,413,632</td>
</tr>
<tr>
<td>2002</td>
<td>1,235,025 (98.6)</td>
<td>193,313 (120.2)</td>
<td>1,428,338</td>
</tr>
<tr>
<td>2003</td>
<td>1,256,066 (101.7)</td>
<td>222,825 (115.3)</td>
<td>1,478,891</td>
</tr>
<tr>
<td>2004</td>
<td>1,294,769 (103.0)</td>
<td>259,433 (116.4)</td>
<td>1,554,202</td>
</tr>
<tr>
<td>2005</td>
<td>1,305,111 (100.8)</td>
<td>291,098 (112.2)</td>
<td>1,596,209</td>
</tr>
</tbody>
</table>

Imports’ share: 11.4% 13.5% 15.1% 16.6% 18.2%

Unit: tons Source: Japan Frozen Food Association

Note: Imports only include results of member firms of the Association

3. Key Considerations related to exporting to Japan

1) Regulations and Procedural Requirements at the time of Importing in Japan

The imports of pre-cooked frozen foods are subject to provisions of the Food Sanitation Law. In addition, pre-cooked frozen foods containing beef, pork, or chicken are subject to provisions of the Domestic Animal Infectious Diseases Control Law. Imports of frozen rice with rice content of 30% or greater may be subject to provisions of the Law for Stabilization of Supply-Demand and Prices of Staple Food.

1) Domestic Animal Infectious Diseases Control Law

In order to prevent infectious diseases of livestock from being brought into the country, pre-cooked frozen foods containing meat of designated quarantine goods (such as cattle, hogs and chickens) are subject to inspections mandated by the Domestic Animal Infectious Diseases Control Law. An “Inspection Certificate” issued by the competent government agency of the exporting country to the Animal Quarantine Service of Japan must accompany imports of pre-cooked frozen foods.

The importer must submit an application for import quarantine inspection along with an Inspection Certificate issued by the competent government agency of the exporting country to Animal Quarantine Service of Japan at the port of entry. Note that animal inspections can only be performed at ports of entry with facilities to carry out required processes. If the pre-cooked frozen food passes inspection, an import quarantine certificate is issued. If it fails inspection, an order will be issued to destroy, bury, or return to the shipper, depending on the product and the nature of the violation. Applicants may utilize the Animal Quarantine Inspection Procedure Automated System (ANIPAS), and may request simultaneous handling with the food sanitation inspection.

2) Food Sanitation Law

Under provisions of the Food Sanitation Law, an import notification is required for pre-cooked frozen foods being imported for the purpose of sale or for other commercial purposes. Importers are required to submit the completed “Notification Form for Importation of Foods, etc.” along with other required documents (production process chart, ingredient composition sheet, etc. for processed food), to the Quarantine Station at the port of entry. A determination is made based on the document examination whether or not an inspection at the bonded area is required. The flow of the procedure is as per Fig.7.

The Food Sanitation Law defines composition standards (for microbial count and coliform negativity) and preservation standards (-15˚C or lower) that apply to frozen foods. In addition, Japan prohibits or restricts the usage of some food additives that are approved abroad. Pre-cooked frozen foods with 50% or greater meat content (hamburger, meatballs, etc.) are treated as meat products under the Law, and must comply with meat product standards.

On May 29, 2006, the new positive list system was introduced and came into force. The system stipulates all food products, if detected agricultural pesticides, feed additives, animal veterinary drugs to remain in excess of certain quantity, importation and sales of such food products will be in principle prohibited. In this system, for the agricultural pesticides etc. recognized to use and remain in the product, the maximum residual level is fixed, and for other chemicals uniform standard of 0.01ppm residual level is applicable (quantity understood as hardly affect human health).

All food products, including processed food products, are subject to the positive list system, and pre-cooked frozen foods are also subject to the system. For more detail, refer to the Ministry of Health, Labor and Welfare website (http://www.mhlw.go.jp/english/topics/foodsafety/positivelist060228/index.html)
It is required for the importers to gather abundant and enough information on the projected import foods to study whether the products meet the requirement of the Food Sanitation Law in their specifications and standards by obtaining, in advance, ingredients lists and production process charts or by making consultation with the quarantine office.

Prior to importing, the importer may take a sample of forthcoming imports to laboratories registered with the Ministry of Health, Labor and Welfare or the competent governmental agencies of the exporting countries. Those test results may be substituted for the corresponding inspection at the port of entry, which expedites the quarantine process.

In addition, importers who wish to submit their notification by computer may make use of the computerized FAINS (Food Automated Import Notification and Inspection Network System) for processing import-related documentation. Importers who have possessed hardware and software may apply for a security code from the Minister of Health, Labor and Welfare to access the system.

![Fig. 7 Procedures required under the Food Sanitation Law](image)

3) Law for Stabilization of Supply-Demand and Prices of Staple Food

Those intending to import frozen rice with rice content of 30% or greater outside the bounds of the minimum access limits must file a report of the import volume with the district agriculture office. Importers are required to submit a copy of the “Report of Payment for Importation of Rice, etc.” along with an invoice and other documentation, and to make payment of secondary tariff duties.

(2) Regulations and Procedural Requirements at the Time of Sale

At the time of sale, pre-cooked frozen foods receive regulations under the “Food Sanitation Law”, the “JAS Law”, the “Measurement Law”, the “Health Promotion Law”, and the “Act Against Unjustifiable Premiums and Misleading Representations”. In regard to the container packaging, there are cases where it receives regulations under the “Containers and Packaging Recycling Law” and the “Law for Promotion of Effective Utilization of Resources”, and for more detail regarding the targeted container packaging, the range of specified businesses, labeling methods, and the like, inquire at the authority concerned (see (6) Regulatory Agency Contact).

1) Food Sanitation Law

Under the Food Sanitation Law, it is prohibited to sell food products that contain harmful or poisonous materials or that are unsanitary. In a case where pre-cooked frozen foods are to be sold, labels based on the Food Sanitation Law (additives used, a notification that allergy material is included, labeling relating to genetic modification, and the like) is obligatory. (see (3) Labeling)

2) JAS Law

(Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products)

The JAS Law establishes quality labeling standard for all food and beverage products sold to ordinary consumers. Pre-cooked frozen foods are subject to the Processed Food Quality Labeling Standards. In
addition, the following products are subject to the Pre-Cooked Frozen Food Quality Labeling Standards. Furthermore, a legal obligation was added for labeling standards for genetically modified foods. (see (3) Labeling)

<table>
<thead>
<tr>
<th>Products subject to the Pre-Cooked Frozen Food Quality Labeling Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frozen “shao mai” dumplings, frozen “gyoza” dumplings, frozen spring rolls, frozen hamburger steaks, frozen meatballs, frozen fish hamburger, frozen fish balls, frozen fried foods (frozen fried fish, frozen fried shrimp, frozen fried squid, frozen fried oysters, frozen croquettes, frozen cutlets, other frozen fried foods), frozen rice, frozen noodles.</td>
</tr>
</tbody>
</table>

3) Measurement Law
Pre-cooked Frozen Foods sealed in wrapping or containers are required the labeling of the net content to certain accuracy. (see (3) Labeling)

4) Health Promotion Law
When labeling the nutritional data on containers and packages or include in promotional documents of processed foods aimed at the sale to consumers, it is obligatory to display in accordance with the Standard of Labeling Nutritional Data stating calories, protein, fat, carbohydrate, sodium and nutritional ingredient in order of the content of quantity.

5) Act Against Unjustifiable Premiums and Misleading Representations
The Act prohibits a form of improper labeling exaggerated or false labeling that misleads consumers about the nature or quality of products. Also, vague or confusing labeling that makes it difficult to discern the actual country of origin is also prohibited as a form of improper labeling.

(3) Labeling Regulations at the Time of Sale in Japan
1) Legally Required Labeling

[1] Food Sanitation Law, JAS Law and Measurement Law
When selling pre-cooked frozen foods sealed in wrapping or containers, following items must be listed all together on the label, under provisions of the Food Sanitation Law, the Processed Food Product Quality Labeling Standards and the Pre-Cooked Frozen Food Quality Labeling Standards of the JAS Law, and the Measurement Law. For the labeling items required under the Pre-Cooked Frozen Food Quality Labeling Standards, importers need to confirm these requirements separately.

① Names
Fried fish and other fried foods must use the most common name for the ingredients used (examples: frozen fried horse mackerel, frozen burdock tempura)
If frozen hamburger steak and frozen fish balls, etc. contain only a single kind of meat or fish, it must be indicated in parentheses (example: frozen hamburger steak (beef)).

② Ingredient names
Names of ingredients must be listed in order by weight, under each category of ingredients other than food additives, sauces, flavorings and seasonings added to noodles, etc., cooking oils and fats, and food additive. If the product contains deep fry batter, pasta wrapping or noodles, these ingredient names must be listed separately in order by weight.

③ Content weight
Content weight must be given in grams or kilograms. Products that have sauce added, such as frozen hamburger steaks, must indicate the weight of the solid material not including the sauce.

④ Best-before date (example: 2007.4.1, 07.4.01)

⑤ Preservation method (example: Store at -18°C or lower.)

⑥ Whether heated before freezing or not

⑦ Need for heating before consuming

⑧ Country of origin

⑨ Importer’s name and address
Example of combined labeling for pre-cooked frozen foods

- **Name**: Frozen deep fried horse mackerel
- **Ingredient name**: Horse mackerel, deep fry batter (bread crumb, flour, starch, chicken eggs, vegetable oil, salt), flavorings (amino acid, etc), paprika pigment, (soybean and milk ingredient are included in a part of raw materials)
- **Deep fry batter ratio** (Note) **50%**
- **Content weight**: 480 g
- **Best-before date**: 2008.4.1
- **Preservation method**: Store at -18˚C or lower
- **Heated before freezing yes/no**: Not heated before freezing
- **Need for reheating after thawing**: Heat before consuming
- **Country of origin**: China
- **Importers name, address and telephone number**

Note: If the ratio is no greater than 50% for frozen fried fish (60% for products fried in cooking oil), the indication may be omitted from labeling.

Products subject to the Pre-Cooked Frozen Food Quality Labeling Standards must also include the following items of information in labeling, at a readily visible location on the packaging (item of ③ must be near the product name), in addition to the general label items described above.

1. **Usage method** (indicate thawing method, cooking method, etc.)
2. **No. of discrete units**, if not difficult to separately manage (X items, etc.)
3. **If fried in cooking oil and then frozen and packaged**, an indication to that effect
4. **If sauce is added or if the product was boiled in sauce**, an indication to that effect
5. **Frozen hamburger steak, frozen meatballs, frozen fish hamburger and frozen fish balls with meat or fish content ratios of fewer than 40% must list the content ratio percentage of the integral multiple of 5.**

**<Labeling of Foods Containing Allergy Materials>**

The Food Sanitation Law, it is compulsory to label foods (specified raw materials) that have a particular tendency of causing allergies. Five items in which labeling has been made compulsory considering the number of occurrences and degree of seriousness, and 20 items in which labeling is encouraged as much as possible, have been set. In cases where specified raw materials are included in the processed food (including business use food products and food additives that are not directly sold to consumers) that is put into the container packaging, as a principle, a notice to that effect must be labeled in the raw materials column.

<table>
<thead>
<tr>
<th>Specified Raw Materials (Labeling mandatory) (5 items)</th>
<th>Wheat, buckwheat, eggs, milk, peanut</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials that are equivalent to the specified raw materials (Labeling recommended) (20 items)</td>
<td>Abalone, squid, salmon roe, shrimp, crab, salmon, mackerel, orange, kiwifruit, peach, yam, apple, walnut, matsutake mushroom, soybean, beef, pork, chicken, gelatin, banana</td>
</tr>
</tbody>
</table>

**<Labeling Regarding Genetically-Modified Foods>**

Under Food Sanitation Law and JAS Law, labeling regarding genetic modification in regard to six crops, namely soybeans (including green soybeans and soybean sprouts), corn, potato, rape seed, cotton seed and alfalfa and their processed foods (soybean, corn, potato, and alfalfa), is made compulsory.

1. **For the genetically modified organism (GMO) and processed foods made from GMO as a main ingredient**, if they are produced or distributed without segregation between GMO and non-GMO, it shall be declared that segregation has not been made. (Compulsory labeling)
2. **For the genetically modified organism (GMO) and processed foods made from GMO as a main ingredient**, if they are confirmed that they have been treated under a identity preserved handling, it shall be declared as the ingredient is GMO. (Compulsory labeling)
3. **For the non-GMO and foods made from non-GMO as a main ingredient**, if they are confirmed that they have been treated under an identity preserved handling, labeling is not required. But they may voluntarily declare, as the ingredient is non-GMO. (Voluntary labeling)
[2] Labeling requirements by ordinance of local government

Pre-cooked frozen foods other than JAS Law designated product items are subject to labeling standards imposed by a number of local government ordinances such as Tokyo and Kanagawa Prefecture. The Tokyo Metropolitan government, for instance, requires that labeling indicate the proportion of the total for each raw material. Label content mandated by local ordinance may not appear within the combined label area border stipulated by the JAS Law, and so these labeling items must appear outside the border.

[3] Law for Promotion of Effective Utilization of Resources

Under the Law, specific containers and packaging are subject to identifier marking provisions in order to promote sorted collection. When paper or plastic is used as a packaging material for wrapping, a material identifier mark must be displayed at least one spot on the side of container with the fixed formalities.

2) Voluntary Labeling based on Provisions of Law

[1] JAS Law

<JAS Mark>

The JAS Law defines JAS standards that apply to 15 pre-cooked frozen food product categories. Precise standards are defined for net fat content of hamburger and meatballs, for weight percentage and filler material percentage with meat or fish products, and percentage of deep fry batter for fried shrimp, etc. Only those that comply with the standards are allowed to display the JAS Mark. However, application for grading (inspection) is voluntary, and products without displaying the JAS mark may be imported or sold.

<Inspection and Certification of Organic Processed Food Products>

The JAS Law establishes a “special JAS standard” for organic processed food products. Only those products that comply with this standard are allowed to include in their labeling the phrase “organic” and to display the Organic JAS Mark. Organic processed food products produced abroad (in countries recognized as having a certification program equivalent to the JAS system) must be qualified according to one of the following methods in order to use the phrase “organic” and to display the Organic JAS Mark. (see Fig.8)

① Foreign manufacturers authorized by a registered foreign certification organization, export the product with the JAS Mark self-attached to sell in Japan.

② Importers who obtained approval to qualify from a registered certifying organization in Japan, may self-qualify the product by accompanied certificate (or copy) issued by a public agency abroad.

③ Organic products made by foreign manufacturers who are authorized by a registered certifying organization in Japan may be imported and sold with the JAS Mark attached.

Contact: Center for Food Quality, Labeling and Consumer Services Headquarters
Technical Exchange Department TEL: 048-600-2366 http://www.cfqlcs.go.jp
3) Voluntary Industry Labeling

[1] Labeling by Japan Frozen Food Association

<Icons>

The Japan Frozen Food Association has established industry-wide standardized icons used on packaging to indicate cooking methods and important reminders. The purpose of these icons is to make sure frozen foods are safe and tasty to eat.

<Example> Cooking method icons

<Example> Reminder icons

<Certification Mark by Japan Frozen Food Association>

The Japan Frozen Food Association has also adopted voluntary quality guidelines, and it certifies factories for compliance. Frozen food manufacturing plants of member firms can undergo review for facilities and quality and sanitation control programs. If they are deemed compliant with the Association guidelines, they are certified as Japan Frozen Food Association Certified Plants, and products made at those plants may display the certification mark in labeling.

Contact: Japan Frozen Food Association  TEL: 03-3667-6671  http://www.reishokukyo.or.jp
2. Certification Mark by Japan Frozen Noodle Association

The Japan Frozen Noodle Association has voluntarily adopted quality and sanitation guidance standards for frozen noodles (Udon, buckwheat noodle, Chinese noodles, spaghetti). The Association certifies manufacturing plants for compliance with these standards. Frozen noodles made at certified plants are allowed to display the RMK Mark in labeling.

Contact: Japan Frozen Noodle Association
TEL: 03-3634-2275 http://www.reitoumen.gr.jp

4. Key Considerations for Entering the Japanese Market

Frozen foods require consistent temperature control (-18°C or below) and sanitary handling at every stage from storage to transport, delivery and resale (wholesale and retail). The frozen food handling industry has adopted voluntary standards for frozen food handling. These include detailed standards for handling at manufacturing plants (equipment, operator, production process and packaging standards), as well as refrigeration equipment and handling standards at the wholesale stage, handling standards during shipment and delivery, and equipment and handling standards at retail stores. New market entrants must secure distribution routes that possess adequate freezer equipment and that strictly adhere to handling standards. Moreover, market entrants should keep in mind the various costs entailed by the nature of frozen foods, including the cost of freezer storage, sorting and packaging. In order to corresponding to the tightening of regulations by introducing a positive list for agricultural chemicals, feed additives, pharmaceuticals for animals, BSE and the avian influenza, etc., recent times have seen greater importance placed on traceability systems that extend to the ingredients, seasonings and food additives of frozen foods as a way of assuring food safety. Even in the commercial and institutional market, leading restaurant chains are increasingly demanding the suppliers to submit production process charts, and to check growing areas and growers for each ingredient to confirm the temperature control at every production process and measures against mingling of impure ingredients, etc. Thus, suppliers have to respond appropriately.

5. Regulatory Agency Contact

- Domestic Animal Infectious Diseases Control Law
  Animal Health and Animal Products Safety Division, Food Safety and Consumer Affairs Bureau, Ministry of Agriculture, Forestry and Fisheries
  TEL: 03-3502-8111 FAX: 03-3502-3835 (Direct) http://www.maff.go.jp

- Food Sanitation Law
  Office of Imported Food Safety, Inspection and Safety Division, Department of Food Safety, Pharmaceutical and Food Safety Bureau, Ministry of Health, Labour and Welfare
  TEL: 03-5253-1111 FAX: 03-3503-7964 (Direct) http://www.mhlw.go.jp

- JAS Law
  Labeling and Standards Division, Food Safety and Consumer Affairs Bureau, Ministry of Agriculture, Forestry and Fisheries
  TEL: 03-3502-8111 FAX: 03-3502-0594 (Direct) http://www.maff.go.jp

- Law for Stabilization of Supply-Demand and Prices of Staple Food
  Grain Trade Division, Staple Food Department, Ministry of Agriculture, Forestry and Fisheries
  TEL: 03-3502-8111 FAX: 03-3502-3162 (Direct) http://www.syokuryo.maff.go.jp

- Measurement Law
  Measurement and Intellectual Infrastructure Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp

- Health Promotion Law
  Office of Health Policy on New Developed Foods, Standards and Evaluation Division, Department of Food Safety, Pharmaceutical and Food Safety Bureau, Ministry of Health, Labour and Welfare
  TEL: 03-5253-1111 FAX: 03-3501-4867(Direct) http://www.mhlw.go.jp

- Act Against Unjustifiable Premiums and Misleading Representations
  Consumer Related Trade Division, Trade Practices Department, Fair Trade Commission of Japan
  TEL: 03-3581-5471 FAX: 03-3581-1754 (Direct) http://www.jftc.go.jp
4. Tariff Duties and Consumption Tax in Japan

(1) Tariff Duties

Pre-cooked frozen foods are classified under many different HS numbers depending on the ingredients and their proportions, production method, and form and shape. Furthermore, these HS numbers also include a great many products other than the pre-cooked frozen foods discussed in this guidebook. Accordingly, a listing of accurate HS numbers is not possible. It is advised that prospective importers confirm the applicable tariff rate in advance with Customs Counselors Offices.

For reference, HS classifications of major pre-cooked frozen foods are as follows.

Reference: · Hamburger, pork cutlet, fried fish, fried shrimp, etc. (preparations of meat or of fish, with a meat or fish content of greater than 20% by total weight): No. 16
· Udon noodles, pilaf, pizza, shao mai dumplings, gyoza dumplings, spring roll, etc. (preparations of cereals or flour): No. 19.
· Vegetable croquettes, etc. (preparations of vegetables or other plants): No. 20
· Gratin, soup, pasta sauce, etc. (Miscellaneous edible preparations): No. 21

In case of confirming the tariff classification or applicable tariff rate in advance, it is convenient to use the “advance-counseling program”. By making inquiry to the customs orally, or through documents or e-mail, the customs will reply to such inquiry.

Contact: Customs website http://www.customs.go.jp/index_e.htm

[Preferential Tariff System]

In order to apply for preferential tariff rates on pre-cooked frozen foods imported from preferential treatment countries, the importer should submit a certificate of preferential country of origin (Form A) issued by the customs or other issuing agency in the exporting country (not required if the total taxable value of shipment is no greater than ¥200,000. -). For more details, please contact the Customs and Tariff Bureau, Ministry of Finance.

[EPA (Economic Partner Agreement)]

Between Japan and ASEAN countries, EPA (Economic Partnership Agreement) negotiation is being promoted. In the areas of Agriculture, Forestry and Fisheries, also, abolition and reduction of tariff rates are being reached for consent. By Japan-Singapore EPA for New Era (effective on Nov. 30, 2002) and Japan-Malaysia EPA (effective on July 13, 2006), the EPA tariff rates are applicable for the import of certain consented items of Singapore and Malaysian origin.

Application of tariff rates on ASEAN countries are as follows:

<table>
<thead>
<tr>
<th>Applicable Rates</th>
<th>ASEAN Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>LDC Preferential Rate</td>
<td>Myanmar, Cambodia, Laos</td>
</tr>
<tr>
<td>Preferential Rate</td>
<td>Thailand, Indonesia, Philippines, Vietnam</td>
</tr>
<tr>
<td>Japan-Singapore EPA Rates</td>
<td>Singapore (note)</td>
</tr>
<tr>
<td>Japan-Malaysia EPA Rates</td>
<td>Malaysia (note)</td>
</tr>
<tr>
<td>WTO Rate</td>
<td>Brunei</td>
</tr>
</tbody>
</table>

Note: In case the imported item is not included in the consented items list, WTO tariff rates will apply to the import of Singapore origin and Preferential rates is valid for the import of Malaysian origin.

(2) Consumption Tax

(CIF + Tariff duty) x 5%
5. Related Organizations

- Japan Frozen Food Association
  TEL: 03-3667-6671  FAX: 03-3669-2117  http://www.reishokukyo.or.jp
- Japan Frozen Foods Inspection Corporation
  TEL: 03-3438-1411  FAX: 03-3438-1980  http://www.jffic.or.jp
- Japan Frozen Noodle Association
  TEL: 03-3674-2275  FAX: 03-3634-1930  http://www.reitoumen.gr.jp