



A MESSAGE FROM THE MANAGING DIRECTOR: Hiroyuki Nakazato

Dear readers,

Thank you for reading the 2018 Winter edition of JETRO Sydney's newsletter.

On the 21st June, JETRO held the event Sake Masterclass & Showcase. I would like to thank the event co-organiser, the Japan Sake & Shochu Makers Association, and supporting organisations including the Consulate General of Japan in Sydney, Sommeliers Australia, and the Japan National Tourism Organization (JNTO). Further, I would like to express my sincere gratitude to the guests, sake business persons, media and visiting sake breweries. Also, I would like to thank importers, and other guests, for joining the sake breweries for business discussions.

On this occasion, sake breweries from north to south Japan, Hokkaido to Kyushu, and all over the country, participated. Through this event, I hope sake's popularity will continue to spread in Australia, and also, assist in the revitalization of Japan's regional business areas. In this newsletter, we will introduce the sake breweries who participated in the event. To our readers, I hope you can learn about some new kinds of sake. If you don't know where to

buy or drink sake, please feel free to contact **JETRO Sydney**.

This newsletter also introduces Japanese wagyu, which has been permitted to export to Australia by the Australian government. Soon, it will be arriving to Australian shores, to be enjoyed by all persons. Steak, sukiyaki, shabushabu hot pot, yakiniku bbq, there are various ways to eat it. Also, it is delicious to eat with wasabi and soy sauce.

On Monday 20th August, JETRO Sydney will be holding a Japanese Food B to B event. Approximately 20 Japanese companies will participate, including suppliers of Japanese wagyu. Currently, we are devising an attractive program for guests. As soon as it has been decided, we will inform food related business person. We hope you can attend, so please save the date. Finally, if you have any questions about this business event, please let us **know**.

Furthermore, this newsletter features an article by AJEI's Mr Manuel Panagiotopolous on the importance of Japanese FDI in Australia. I am very happy to hear such an evaluation from the Australian side. In connection with Japanese FDI in Australia, "I was very pleased to attend a welcome and networking

reception hosted by Dr Stephanie Fahey, CEO of Austrade, on 16th May for the wider Japanese business community and particularly for recently arrived senior Japanese executives. From across Australia approximately 60 Japanese representatives attended this event. For companies expanding their business presence in Australia, such an event is extremely important. I would like to sincerely thank Austrade for hosting the event and during my opening remarks, that in addition to being the Australian Government's official trade and investment promotion organisation, I stated: "When companies operate in foreign countries, they will face various issues in any country. In such a case, Austrade is the organisation that can provide support to solve such issues, in conjunction with other Australian and Japanese organisations."

As seen on the final page of the newsletter, it mentions the support available by JETRO for companies considering investing in Japan. To see examples of Australia companies that JETRO has supported, please click [here](#). JETRO will continue to strive to support Australian companies, so please feel free to "Talk to JETRO first!" ●

IN THIS ISSUE:

Message from our Managing Director

JETRO Sydney's MD reviews the major events of the last quarter, and the upcoming Japanese food event in August. **PAGE 1**

FEATURE: Sake Masterclass & Showcase

Event report of the Sake Masterclass & Showcase, the first sake only business event to be held by JETRO Sydney. **PAGE 2-3**

Japanese Wagyu Back on the Menu

Overview of the status of Japanese wagyu beef, as it enters into the Australian market for the first time in 17 years. **PAGE 4**

Manuel: Japanese Investment Holds

AJEI's Manuel Panagiotopolous summaries the data on recent FDI into Australia from Japan. **PAGE 5**



FEATURE ARTICLE: Sake Masterclass & Showcase Held in Sydney

17 SAKE BREWERIES FROM JAPAN PRESENT THE CHARM OF JAPANESE SAKE

The Japan External Trade Organisation (JETRO) together with the Japan Sake & Shochu Makers Association, co-hosted the "Sake Masterclass & Showcase", held in Sydney on Thursday 21st June 2018. This was the first time for JETRO to hold a specialised business matching event for Japanese Sake only. Participating in the event were 17 Sake breweries from all over Japan (members of the Japan Sake & Shochu Makers Association). In addition to the sake exhibition, a Sake Masterclass seminar was also held. The event was attended by 109 persons in total, including Australian restaurants representatives, sommeliers, buyers, importers, distributors, and also local media stakeholders. Through this, the high level of interest for Japanese sake was clear to see.

EXPORT OF JAPANESE SAKE TO AUSTRALIA DOUBLES IN THE PAST 6 YEARS

The Government of Japan has set the goal of 1 trillion yen (\$12.2 billion AUD) global export value of Japanese agricultural, forestry, and fishery products in 2019. Last year, in 2017, the total export value of Japanese agricultural, forestry, and fishery products was its highest ever of 807.1 billion yen (\$9.8 billion AUD), with

Japanese sake accounting for 18.7 billion (\$227 million AUD), a record high for eight consecutive years.

In 2017, the export value of Japanese agricultural, forestry, and fishery products to Australia was a record high of 14.8 billion yen (\$180 million AUD, 9th world wide), up 19.7% from the previous year. With respect to sake exports, 2016 saw 362 million yen (\$4.4 million AUD, up 16.8% from previous year), and in 2017 increased to 396 million yen (\$4.8 million AUD, 9.4% increase over previous year). In the past 6 years, Sake exports to Australia have doubled in amount (Australia is also the 9th ranked destination for sake).

In Australia, the alcoholic beverage market is centred on wine and beer, with the market for Japanese sake not as big. However, in recent years, with the boom and diversification of Japanese food and beverages, the demand of Japanese sake is expected to greatly increase.

PROMOTION AND SPREAD OF SAKE KNOWLEDGE THROUGH SEMINAR

In the first half of the Sake seminar, Mr Yukio Hamada, Director of the Japan Sake & Shochu Makers Association, presented about the foundation of Japanese sake. Following, WSET (Wine & Spirit Education Trust) Certified Sake Educator,

SSI (Sake Service Institute) Certified Kikisakeshi – Sake Sommelier (SSI Tokyo) and IWC (International Wine Challenge) Sake Judge, Mr Leigh Hudson, presented in detail on the differences between sake and wine, and sake food pairings.

In Mr Hamada's presentation to the Australian Japanese business and food guests, he spoke about the foundation and basics of Sake, including proper knowledge and manufacturing techniques.

In the presentation by Mr Hudson, guests were able to taste 4 different kinds of Sake provided by present exhibitors, accompanied by an explanation of the features and distinguishing characteristics of each. Further, he also explained the affinity between Japanese sake, and different kinds of western dishes. In addition, he also spoke on potential for Sake to expand into the Australian fine dining and fusion restaurant scene.

A seminar participant provided the following statement, "I was able to understand the features of Japanese sake. Knowing Australian consumer taste preferences, today's seminar provided hints on how better to match sake to suit them".

RESPONSE TO INCREASE IN SAKE DEMAND WITH BUSINESS DISCUSSIONS

Photo: JETRO Sydney

IN THIS ISSUE:

MD's Message	P.1	Manuel's View	P.5
Sake Event	P.2-3		
Japanese Wagyu	P.4		



Photo: JETRO Sydney

At the business discussion venue, 17 Sake breweries (members of the Japan Sake & Shochu Makers Association) met with local importers, wholesalers, restaurants, and other related persons. The exhibitors promoted their sake, explaining the features, and introducing unique sake beverages to match the various needs of guests.

At each booth, guests were able to taste the exhibitors' sake whilst listening to their explanations, and confirm the quality of different sake with their own tongue. Sommeliers and restaurant representatives were able to have detailed discussions on the differences between the sake they already using in their own restaurants, and the new beverages being showcased by the exhibiting breweries. All alcoholic beverages served at the event were poured by RSA licence holders.

One exhibitor stated, "I was surprised by the number of visitors at today's event. There were many questions, such as the differences between Junmai and Daiginjo sake types, what western foods matches with Japanese sake, and the prices. I felt the strong possibility for sake in the Australian market".

Further, one guest expressed the following, "Already in Australia, sake popularity is spreading; however through today's event, I believe it

can expand even further." Another stated, "It is not easy for Australians to understand the differences between breweries, regional varieties, and sake types. To improve this, promotion events such as today are crucial". ●

SAKE MASTERCLASS & SHOWCASE: EVENT OUTLINE

Co-hosts: JETRO Sydney, Japan Sake & Shochu Makers Association

Supported by: Consulate-General of Japan in Sydney, Sommeliers Australia, Japan National Tourism Organisation (JNTO)

Date and time: Thursday 21/06/2018, 1:00-4:00pm

Location: Shangri-La Hotel Sydney, 3F

Exhibitors: 17 companies

Event composition:

1:00-4:00pm, Business Discussion Rounds (@Cambridge Room)

1:25-1:30pm, Welcome remarks by Mr Hiroyuki Nakazato, Managing Director of JETRO Sydney (@Cambridge Room)

1:30-1:35pm, Opening remarks by Consul-General Mr Keizo Takewaka (@Cambridge Room)

1:35-2:25pm, 2:40-3:30pm, Instruction & Promotion Seminar (@Essex Room)

LIST OF SAKE BREWERIES

1. Akita Meijo, Akita Prefecture
2. Amabuki Shuzo, Saga Prefecture
3. Chiyomusubi Sake Brewery, Tottori Prefecture
4. Dewazakura Sake Brewery, Yamagata Prefecture
5. Fukui Syuzo, Aichi Prefecture
6. Funasaka Sake Brewery, Gifu Prefecture
7. Gekkeikan Sake Company, Kyoto Prefecture
8. Gojo Shuzo, Nara Prefecture
9. Homare Sake Brewery, Fukushima Prefecture
10. Imayo Tsukasa Sake Brewery, Niigata Prefecture
11. Kamotsuru Sake, Hiroshima Prefecture
12. Kobe Shu-Shin-Kan Breweries, Hyogo Prefecture
13. Kunimare Shuzo, Hokkaido Prefecture
14. Nakano BC, Wakayama Prefecture
15. Sekiya Brewery, Aichi Prefecture
16. Yatsushika Brewery, Oita Prefecture
17. Yoshinogawa, Niigata Prefecture

***Please click on the Japanese company's name to be taken to their website.**



Photo: Courtesy of KIJIN JAPANESE CUISINE - TEPPANYAKI & NOODLE BAR

Japanese Wagyu Back on the Menu

On May 29th 2018, the Japanese Government, Ministry of Agriculture, Forestry and Fisheries, announced that it has reached an agreement with the Australian government to resume the export of fresh beef produced in Japan. Beef exports to Australia are banned worldwide, except for New Zealand, Vanuatu, and now, Japan.

Japanese wagyu is known around the world for its high quality and luxurious taste. There are key characteristics to this product. Japanese wagyu has high level traceability and quality assurance, with individual cattle assigned identification numbers that trace its life from birth, breeding/fattening, slaughter, distribution, and retail sale. Wagyu carcasses are objectively assessed for quality as they enter the market place, and graded and certified according to high standards. In terms of its essence and composition, Japanese wagyu is renowned for its lustrous marbling appearance, specific wagyu aroma, and umami-laden, rich, melt in your mouth flavour.

Currently, Japanese beef is exported to many countries around the world. In 2017, the total global export value of Japanese beef was ¥19.1 billion yen (approx. \$233m AUD). In 2008 the total global export value of Japanese beef was ¥4.05 billion yen (approx. \$49m AUD). This shows an increase of about 470% in less than 10 years. The largest importing countries/regions of Japanese beef in 2017 were Hong Kong, Cambodia, USA, Taiwan, Singapore, and Thailand. As the Japanese government strives towards reaching its goal of ¥25 billion yen global export value of Japanese beef by 2019, it is expected that the export of Japanese beef to countries like Australia will play an important role.

Mr Ken Saito, Minister of Agriculture, Forestry and Fisheries, stated at a news conference on Thursday 29th May, "Australia has beef consumption per capita of 20.9kg, more than 3 times that of Japan, and high income level standards, with a nominal GDP per capita of over \$60,000. There are also many Japanese restaurants in urban centres, and increasing

Japanese ingredients are available for sale in Japanese and Asian supermarkets. In recent years, the numbers of tourists visiting Japan have been increasing, and the number of people familiar with "Japanese wagyu" has expanded greatly. The foundations for acceptance of Japanese beef have been laid."

Finally, Minister Saito said, "For business interested in exporting beef, we will make the export procedures known, also, we are interested to promote the features of Japanese wagyu beef, and cooking methods, in the local Australian market", commenting on the future directions of promotions for Japanese wagyu beef exports.

JETRO Sydney will be hosting a Japanese food event, featuring Japanese wagyu, on the 20th August in Sydney. Guests will include government representatives, restaurant persons, food industry persons, media and influencers. To the business and related persons in these industries, we ask you to save the date, and hope you can join this special event. ●

The Japanese Government would like to invite you to subscribe to its new Online Newsletter: 'We Are Tomodachi' at: <http://www.japan.go.jp/tomodachi/>



JETRO Global Channel
See the latest JETRO videos at:
<https://www.youtube.com/user/jetroglobalchannel/>



Japanese Investment Continues to hold No 2 Spot



Manuel Panagiotopolous
Australian & Japanese
Economic Intelligence

Japan has retained its spot as Australia's second largest source of Foreign Direct Investment (FDI) with a total of \$92.5 billion at the end of 2017, behind the US with \$190 billion.

The UK retains 3rd position with \$83.2 billion followed by The Netherlands with \$53.5 billion and China a distant 4th with \$40.7 billion.

FDI from Japan has increased by 152% since 2008, completely unaffected by the GFC and driven by a powerful combination of factors:

- 1) Japan's demographic challenge drives firms to look for growth overseas;
- 2) Huge levels of retained earnings by Japanese companies provide a ready source of investment funds;
- 3) Australia's record breaking run of 26 years of economic growth and an advanced economy

character make it an attractive destination;

4) Australia's attractiveness is enhanced by its proximity to the growing Asian market.

At the end of 2017 Japan accounts for 11% of FDI into Australia, more than double China's share, in contrast to perceptions about the ubiquity of Chinese investment. Remarkably, in the ten years since 2008, the level of Japanese FDI compared with that of the USA has increased from 36% to 48%. The significance of Japan to Australia and vice versa goes from strength to strength.



FDI from Japan has increased by 152% since 2008, completely unaffected by the GFC and driven by a powerful combination of factors."

One of the key characteristics of Japanese-

owned companies in Australia is their much higher level of reinvested earnings compared to other investing countries, which will support the future levels of inward investment.

In the past year investment from Japan has continued the trend of wider diversification in Australia, from housing construction, financial services, business services, parking stations and specialist paper packaging. We would have to look hard to find sectors in which Japanese investment is not making a contribution to Australia's economy.

Japan is easily the largest investor from the Asian region and the one with the highest level of alignment with Australia across other measures, such as security and geopolitical interests and the support of a rules based order.

Japan has also retained its position as Australia's second largest trading partner. My assessment is that according to a risk-adjusted valuation of economic relations, Japan is Australia's second most important overall economic partner behind the US. ●

WANT TO INVEST IN JAPAN? CONTACT JETRO SYDNEY:

☎ 02 9002 6200



L15, Governor Macquarie Tower
1 Farrer Place, Sydney NSW 2000



syd-bd@jetro.go.jp

TALK TO JETRO FIRST.

About Business in Japan.

Japan welcomes global companies with open arms! This is an ideal country for innovation, with business and living environments unparalleled in the world.

JETRO is Japan's core governmental organization for promoting inward foreign direct investment and has supported over 14,000 overseas companies. Our Invest Japan Business Support Center (IBSC) offers comprehensive support services to provide our clients with the resources they need to get started and grow in Japan. Together with JETRO's IBSC, the Tokyo One-Stop Business Establishment Center (TOSBEC) streamlines the process of setting up a business including registration, taxes, and more. We are a partner you can count on.

When it comes to doing business in Japan, please "Talk to JETRO first!"

JETRO

www.jetro.go.jp/australia

IBSC: Tokyo, Yokohama, Nagoya, Osaka, Kobe, Fukuoka JETRO: 74 overseas offices over 55 countries