

2. Spices and Herbs

This chapter defines spices and herbs according to the H.S. code of the Tariff Schedule (Fig. 2-1), covering imports as well as domestically-produced wasabi, Japanese mustard, fresh spices and herbs, etc.

Fig. 2-1: Scope of coverage for spices and herbs in this chapter

| Category | Description | H.S. code |
|------------------|--|---|
| Spices and herbs | Pepper | 0904.11, 12 |
| | Fruits of the genus <i>Capsicum</i> or of the genus <i>Pimenta</i> (red pepper) | 0904.20 |
| | Vanilla | 0905 |
| | Cinnamon | 0906.11, 19, 20 |
| | Cloves | 0907.00 |
| | Nutmeg, mace | 0908.10, 20 |
| | Cardamoms | 0908.30 |
| | Coriander | 0909.20 |
| | Turmeric | 0910.30 |
| | Mustard | 2130.30 |
| | Other | |
| | Anise, cumin, caraway, fennel, saffron, curry, thyme, bay leaves, mixtures, other spices and herbs, sesame | 0909.10, 30, 40, 50 0910.10, 22, 99 1207.40-000 |

I. Points to Note in Exports to and Sales in Japan

1. Relevant Laws and Institutional Regulations

(1) Regulations and Procedural Requirements for Importing to Japan

The importing of spices and herbs is subject primarily to 1) the Plant Protection Act, 2) the Food Sanitation Act, and 3) the Customs Act.

<Plant Protection Act>

Spices and herbs that have not been processed are handled as fresh produce, and undergo quarantine procedures, including screening for contamination by any pests or harmful plants, under the Plant Sanitation Act. Quarantine procedures performed at airports and ports are under the authority of the regional Quarantine Stations. Spices and herbs that are individually packaged even if fresh, and those that have been processed, are exempt from the Plant Protection Act (they are subject to the food sanitation inspection).

Care should be taken as infestation with pests or harmful plants may occur during the process of storage and transportation, even if there is no contamination at the production stage.

No item with soil attached to it may be allowed for import; any soil must be removed before the importing process.

<Food Sanitation Act>

In compliance with Notification No. 370 of the Ministry of Health, Labour and Welfare, "Standards and Criteria for Food and Additives" issued under the Food Sanitation Act, and the standards for pesticide residues, etc. (including feed additives and drugs for animals) which are included therein, spices and herbs are subject to food sanitation, which is conducted to assess the types and details of the raw ingredients, and to test the types and contents of additives, pesticide residues, mycotoxins, and so on. Import bans may be imposed on food in the event of an additive, pesticide, or other contents which are prohibited in Japan, when their levels exceed approved limits, or when the presence of mycotoxins, etc. is above allowable levels. Accordingly, spices and herbs should be checked at the production site prior to import. If levels exceed the limits of Japanese standards, guidance should be given.

Pesticide residue standards adopted a negative system until 2006, under which pesticides would not be subject to control if there was no requirement for them. Amendments to the law introduced a positive list system, however, and the distribution of products is now prohibited in principle if they contain a specific level of pesticides, etc. even if there is no established requirement.

As of March 2011, of the spices that are subject to compulsory testing by order of the Health Minister (all-lot inspection that importers are ordered by the Health Minister to perform for food items that have a high potential to be in violation of the Food Sanitation Act), items subject to compulsory testing regardless of the country of origin include chili pepper, red pepper, and nutmeg (all of which are tested for aflatoxin). By specific country of origin, such items include cayenne pepper

produced in South Korea (fluquinconazole, etc.), dried red pepper produced in Thailand (aflatoxin), and cassiaseeds and turmeric produced in India (aflatoxin).

Approved limits applicable in the aforementioned testing are 0.01 ppm for both aflatoxin and fluquinconazole.

Although irradiation of spices for sterilization is allowed in some countries, food irradiation during production and processing is in principle prohibited in Japan under the Food Sanitation Act.

<Customs Act>

Under the Customs Act, the importing of cargo with labeling that falsifies the origin of the contents, etc. is banned.

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

There is no specific law applicable to the sales of spices and herbs. Regulations relevant to sales are summarized below.

<Food Sanitation Act>

Under the Food Sanitation Act, sales of products that contain harmful or toxic substances or those with poor hygiene are prohibited. Sales of spices and herbs in containers and packaging are subject to mandatory labeling under the Food Sanitation Act, and provisions concerning safety labeling such as indication of food additives, allergy information, raw ingredients and source, and genetic modification, etc. are applicable.

<Act on Specified Commercial Transactions>

The Act on Specified Commercial Transactions stipulates the protection of interest of purchasers in the direct commercial transactions made with consumers. Sales of spices and herbs in such routes as mail-order, direct marketing, telemarketing, etc. are subject to provisions of the Act on Specified Commercial Transactions.

<Act on the Promotion of Sorted Garbage Collection and Recycling of Containers and Packaging>

Under the Act on the Promotion of Sorted Garbage Collection and Recycling of Containers and Packaging, importers, etc. that sell contents using containers and packaging that are controlled by the Act (paper containers and packaging, plastic containers and packaging, etc.) shall be liable for recycling (however, small-scale enterprises of below a certain size are excluded from among enterprises subject to the Act).

2. Procedures

(1) Procedures for Authorization of Importing and Sales

<Plant Inspection>

Because the Plant Protection Act rules that bulk importing of fresh spices and herbs is handled only at certain seaports and airports that are capable of sufficient plant protection measures for the purpose of preventing diseases and pests from entering the country, care should be taken in selecting the seaport/airport of entry before exporting from the country of origin. *Note that not all Quarantine Stations perform the plant inspection.

In filing an application for inspection with the Ministry of Agriculture, Forestry and Fisheries Quarantine Station, the required documents must be submitted (Fig. 2-3) promptly after entry to port. In the event of rejection due to the detection of diseases or pests as a result of quarantine, fumigation or other measures are ordered.

<Food Sanitation Inspection>

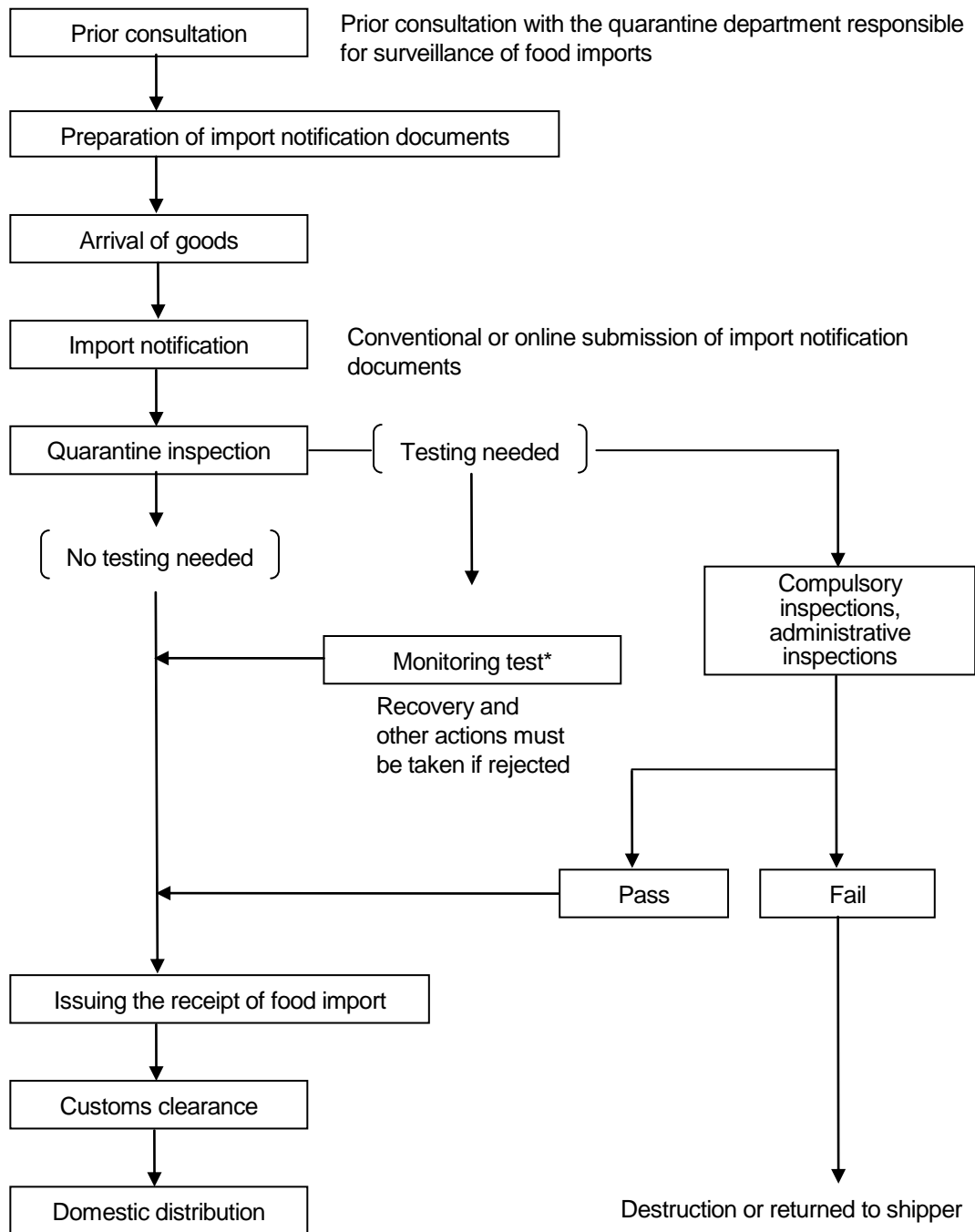
Under the Food Sanitation Act, the required documents must be submitted (Fig. 2-3) when filing an application for inspection with the imported food monitoring departments of Quarantine Stations, Ministry of Health, Labour and Welfare. Inspection is conducted where it has been decided necessary to check the standards and criteria or safety issues at the initial review stage. If, as a result of the initial review and inspection, no issue has been detected under the Act, the registration certificate is returned, which the applicant shall submit, along with customs documents, upon filing an application for import with Customs. In the event that it has been ruled unfit for importing, measures such as destruction or return to the shipper are taken (Fig. 2-2).

<Customs>

Under the Customs Business Act, import declaration must be made by importers themselves or commissioned to those qualified as registered customs specialists (including customs brokers).

To accept the entry into Japan of incoming cargo arriving from a foreign country, an import declaration must be made to the competent Customs office for the bonded area where the cargo is stored. Cargo for which customs inspection is required shall undergo required inspections first, and upon payment of customs duty, national and local consumption taxes, an import permit may be given in principle.

Fig. 2-2: Flowchart of import procedure



Source: Ministry of Health, Labour and Welfare

* Import food inspection following notification, conducted by MHLW Quarantine Stations according to the annual plan.

(2) Required Documents

Documents required for importing are summarized below in Figure 2-3 according to the authorities to which each document is submitted.

Fig. 2-3: Documents required for import clearance

| Submitted to | Required documents | Fresh products | Processed products |
|--|---|----------------|--------------------|
| Quarantine Information Office, Ministry of Health, Labour and Welfare (Plant quarantine under the Plant Protection Act) | Application for import inspection | ○ | — |
| | Phytosanitary certificate issued by the plant quarantine service of the exporter | ○ | — |
| Departments responsible for surveillance of food imports of Quarantine Stations, Ministry of Health, Labour and Welfare (Food sanitation inspection under the Food Sanitation Act) | Notification form for importation of foods | ○ | ○ |
| | Material/ingredient table | — | ○ |
| | Production flow chart | — | ○ |
| | Table of analysis results issued by the designated inspection institute (if there is a past record of import) | — | ○ |
| Local customs offices (Customs clearance under the Customs Act) | Declaration of import | ○ | ○ |
| | Invoice | ○ | ○ |
| | Packing list | ○ | ○ |
| | Bill of lading (B/L) or airway bill | ○ | ○ |

Source: Ministry of Agriculture, Forestry and Fisheries; Ministry of Health, Labour and Welfare; Ministry of Finance
○: Required —: Not required

Dried turmeric (curcuma) and dried peppercorns are subject to plant quarantine, but are not required to be accompanied by a phytosanitary certificate issued in the country of origin.

As a phytosanitary (inspection) certificate, in principle the original copy that indicates the absence of pathogen or pest contamination, issued by the plant protection authority of the exporting country in a form in compliance with the International Plant Protection Convention, must be submitted. While the Convention stipulates that the phytosanitary certificate submitted to the authorities of the importing country be the original copy, the following two are deemed valid in Japan, taking into consideration such cases where the original copy is lost or the delivery of the original copy is delayed:

- A "carbon copy" of the original copy produced simultaneously; and
- A copy that has been proven as being identical to the original copy by the plant protection authority of the exporting country.

(3) Competent Authorities**Fig. 2-4: Contacts of competent authorities**

| | | |
|---|--|---|
| Plant Protection Act | Plant Protection Division, Food Safety and Consumer Affairs Bureau, Ministry of Agriculture, Forestry and Fisheries | TEL: +81-3-3502-8111 http://www.maff.go.jp |
| Food Sanitation Act | Inspection and Safety Division, Department of Food Safety, Pharmaceutical and Food Safety Bureau, Ministry of Health, Labour and Welfare | TEL: +81-3-5253-1111 http://www.mhlw.go.jp |
| Customs Tariff Act | Customs and Tariff bureau, Ministry of Finance Japan | TEL: +81-3-3581-4111 http://www.mof.go.jp |
| Act for Standardization and Proper Labeling of Agricultural and Forestry Products | Labelling and Standards Division, Food Safety and Consumer Affairs Bureau, Ministry of Agriculture, Forestry and Fisheries | TEL: +81-3-3502-8111 http://www.maff.go.jp |
| Measurement Act | Measurement and Intellectual Infrastructure Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry | TEL: +81-3-3501-1511 http://www.meti.go.jp |

Fig. 2-4: Contacts of competent authorities (continued)

| | | |
|---|---|--|
| Health Promotion Act | | |
| Food and Labeling Division, Consumer Affairs Agency | TEL: +81-3-3507-8800 http://www.caa.go.jp | |
| Act against Unjustifiable Premiums and Misleading Representations | | |
| Representation Division, Consumer Affairs Agency | TEL: +81-3-3507-8800 http://www.caa.go.jp | |
| Act on Specified Commercial Transactions | | |
| Consumer Advice Office, Ministry of Economy, Trade and Industry | TEL: +81-3-3501-1511 http://www.meti.go.jp | |
| Consumer Safety Division, Consumer Affairs Agency | TEL: +81-3-3507-8800 http://www.caa.go.jp | |
| Act on the Promotion of Sorted Garbage Collection and Recycling of Containers and Packaging / Act on the Promotion of Effective Utilization of Resources | | |
| Recycling Promotion Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry | TEL: +81-3-3501-1511 http://www.meti.go.jp | |
| Office for Recycling Promotion, Waste Management and Recycling Department, Ministry of the Environment | TEL: +81-3-3581-3351 http://www.env.go.jp | |
| Food Industry Policy Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries | TEL: +81-3-3502-8111 http://www.maff.go.jp | |
| Unfair Competition Prevention Act / Trademark Act | | |
| Intellectual Property Policy Office, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry | TEL: +81-3-3501-1511 http://www.meti.go.jp | |
| General Affairs Division, Japan Patent Office, Ministry of Economy, Trade and Industry | TEL: +81-3-3581-1101 http://www.jpo.go.jp | |

II. Labeling

1. Labeling under Legal Regulations

Quality labeling of spice and herb products must be in Japanese and conform to the following laws and regulations: 1) Act for Standardization and Proper Labeling of Agricultural and Forestry Products, 2) Food Sanitation Act, 3) Measurement Act, 4) Health Promotion Act, 5) Act on the Promotion of Effective Utilization of Resources, 6) Act against Unjustifiable Premiums and Misleading Representations, and 7) Unfair Competition Prevention Act.

When importing and selling fresh spices and herbs, the importer must provide the following information on labels in accordance with the quality labeling standards for fresh foods of the Act for Standardization and Proper Labeling of Agricultural and Forestry Products: 1) product name, 2) country of origin, 3) content, and 4) name and address of importer.

When importing and selling processed spices and herbs, the importer must provide the following information on labels in accordance with the quality labeling standards for processed foods of the Act for Standardization and Proper Labeling of Agricultural and Forestry Products, and similar requirements for processed foods packed in containers under the Food Sanitation Act: 1) product name, 2) ingredients, 3) content, 4) expiration date, 5) storage method, 6) country of origin, and 7) name and address of importer.

<Product name>

The name of the product must be provided on the label in accordance with the Act for Standardization and Proper Labeling of Agricultural and Forestry Products and Food Sanitation Act.

<Ingredients>

The ingredients of the product must be listed in descending order from highest to lowest content on the label in accordance with the Act for Standardization and Proper Labeling of Agricultural and Forestry Products and Food Sanitation Act.

<Additives>

The substance name of additives used must be listed in decreasing order from highest to lowest content on the label in accordance with the Food Sanitation Act. The substance name and use of the following eight additives must be indicated on the label: sweeteners, antioxidants, artificial colors, color formers, preservatives, whiteners, thickeners/stabilizers/gelators/bodying agents, antifungal agents, and antimold agents). For details on usage and storage

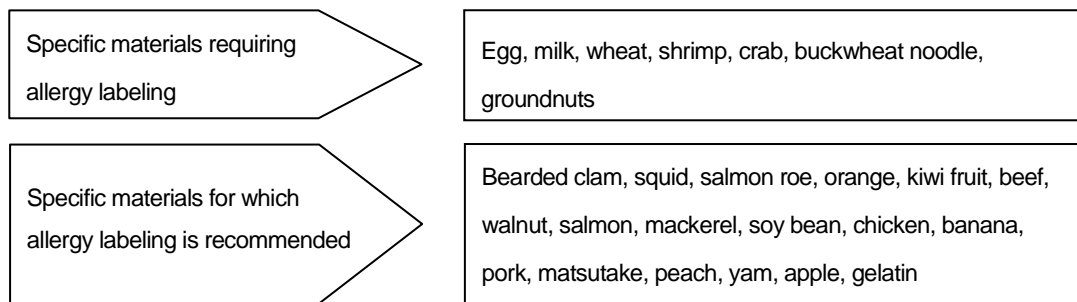
standards of additives, Notification No. 370 of the Ministry of Health, Labour and Welfare "Standards and Criteria for Food and Additives" prescribes the maximum allowable limit of approved additives for each food article.

<Allergies>

Although fresh spices and herbs are outside the scope of allergy labeling, mixtures such as curry powder may contain ingredients related to allergy labeling.

When products containing the specific ingredients shown in Figure 2-5 are sold, it is required or recommended that ingredients be labeled in accordance with the Food Sanitation Act to prevent health hazards among consumers with specific allergies. However, omission of labeling is allowed if such ingredients can be easily identified in the products.

Fig. 2-5: Specific materials related to allergy labeling



Source: Ministry of Agriculture, Forestry and Fisheries

<Recombinant foods>

Although fresh spices and herbs are outside the scope of allergy labeling, mixtures may contain ingredients derived from soybean and corn that require labeling of recombinant foods. In such cases, labeling is mandatory in accordance with the Act for Standardization and Proper Labeling of Agricultural and Forestry Products, and Food Sanitation Act.

<Content weight>

When importing and selling mixtures, the importer must weigh the product in accordance with the Measurement Act and indicate the weight in grams on the label. The product must be weighed so that the difference between the actual weight of the product and the figure indicated on the label is within the prescribed range.

<Expiration date>

The expiration date of the product when stored according to the given preservation method in the unopened state must be indicated on the label in accordance with the Act for Standardization and Proper Labeling of Agricultural and Forestry Products and Food Sanitation Act. As the quality of mixtures does not deteriorate easily, the "best by" date should be indicated on the label.

<Preservation method>

The preservation method for maintaining flavor in the unopened state until the best-by date must be indicated on the label in accordance with the Act for Standardization and Proper Labeling of Agricultural and Forestry Products and Food Sanitation Act. For products which can be stored at room temperature, the preservation method can be omitted from the label.

<Country of origin>

The quality labeling standards for processed foods, specified by the Act for Standardization and Proper Labeling of Agricultural and Forestry Products, require the country of origin to be indicated on the labels of import foods.

This Act also requires the country of origin for the ingredients of processed articles to be labeled for spices and herbs. Such information must be labeled either by stating in brackets on the list of ingredients or by stating the name of country of origin in a specified column of the labeling.

<Importers>

The name and address of the importer must be indicated on the label in accordance with the Act for Standardization and Proper Labeling of Agricultural and Forestry Products, and the Food Sanitation Act. For products processed in Japan using imported ingredients, the name and address of the manufacturer or dealer must be indicated on the label.

<Nutrition facts>

The nutritional components and calorie count must be indicated on the labels of mixtures in accordance with the nutritional labeling standards prescribed by the Health Minister. The required information includes nutritional components, structural components (e.g., amino acids in protein), and types of components (e.g., fatty acids in fat). If general names such as “vitamin” are labeled instead of describing the specific names of nutrients, ingredients must be labeled.

Components must be indicated in the following order and unit:

- a) Calories (kcal or kilocalories)
- b) Protein (g or grams)
- c) Fat (g or grams)
- d) Carbohydrate (g or grams)
- e) Sodium
- f) Other nutritional components to be indicated on labels

The Health Ministry also prescribes standards on the labeling of other nutritional components and on information to be highlighted.

<Organic labeling>

The Act for Standardization and Proper Labeling of Agricultural and Forestry Products defines organic agricultural products and organic agricultural processed foods, which include spices and herbs, as Specified JAS (JAS-certified organic). Only products which meet these standards and affixed with the JAS-certified organic mark (Fig. 2-6) can be labeled as “organic” in Japanese.

Organic agricultural products produced abroad and imported must be graded by one of the following methods and affixed with the JAS-certified organic mark, to be permitted to have the organic labeling.

- a) Labelling of JAS-certified organic mark and distribution of organic foods produced/manufactured by overseas manufacturers certified by JAS registered certifying bodies inside and outside Japan.
- b) Labelling of JAS-certified organic mark and distribution of products by importers certified by registered certifying bodies in Japan (limited to organic agricultural products and organic agricultural processed foods).

For approach b), certificates issued by the government of a country with a grading system recognized to be of the equivalent level as that based on the Japanese Agricultural Standards (JAS), or copies must be attached as a prerequisite. As of March 2011, the following countries are identified by the ministerial ordinance to have equivalent grading systems for organic agricultural products as Japan in accordance with Article 15-2 of the Act for Standardization and Proper Labeling of Agricultural and Forestry Products: 27 countries in the EU, Australia, U.S.A., Argentina, New Zealand, and Switzerland.

Fig. 2-6: JAS-certified organic mark

**<Containers and packaging>**

The Act on the Promotion of Effective Utilization of Resources requires labeling for promoting sorted collection on specified containers and packaging.

When the following two types of containers and packaging are used for spices and herbs, either or both marks shown in Figure 2-7 must be labeled on one area or more of the containers and packaging in the designated format.

Fig. 2-7: Labels for promoting sorted collection



<Description>

The Pharmaceutical Affairs Act prohibits labeling of medical indications or efficacy on the package. However, such labeling is allowed for products that have been approved under the Act if meeting the requirements for labeling and prohibitory description.

Product descriptions with false or misleading expressions are prohibited by the Act against Unjustifiable Premiums and Misleading Representations and the Unfair Competition Prevention Act, which is applicable to all articles in addition to food products.

2. Labeling under Industry Voluntary Restraint

There are no voluntary industry restraints for spice and herb labels.

III. Taxation System**1. Tariff Duties, Consumption Tax, and Other Relevant Taxes**

Spices (“koshinryo” in Japanese) are the generic name of substances that are added to foodstuffs to give colors, flavors, and pungency, thereby contributing to appetite stimulation, odor elimination, and easy digestion and absorption, usually including seeds, fruits, buds, barks, and roots of tropical plants and trees. In this document, spices are broadly defined including herbs, and fragrant grass grown in temperate regions:

- Raw spices (e.g., seasoned laverk, garlic, ginger, herbs)
- Dried spices (pepper, red pepper, cinnamon, many other spices)
- Mixtures (combinations of dried spices)
- Seasoning spices (mixtures of salt, sugar, and other condiments)
- Prepared spices (e.g., curry block, prepared Japanese horse radish paste)

However, most of these edible substances are included in fresh vegetables, including Japanese traditional spices such as garlic and ginger; herbs such as parsley, sage, rosemary, and thyme; and edible flowers. Hence, it is often difficult to identify the import statistics by article. Since sesame seeds, the material for sesame oil, are totally dependent on imports in Japan, they are covered by this document.

Tariff duties on major spices and herbs are shown in the table below. Caution should be exercised since rates vary according to material, the manufacturing process, shape, and ingredients of the product, and other factors. If the importer wishes to check tariff rates and other information in advance, it may be convenient to use the prior instruction system.

Fig. 2-8: Tariff duties on spices (FY2011)

| H.S. code | | | Description | Tariff rate | | | | |
|-----------|----------------|------|--|-------------|-----------|----------------------------|------|-----|
| | | | | General | Temporary | WTO | GSP | LDC |
| 0904 | 11 | -100 | Pepper Neither crushed nor ground 1 Put up in containers for retail sale 2 Other | 4.2% | | 3.0% (Free) | Free | |
| | | -200 | | Free | | | | |
| | 12 | -100 | Crushed or ground 1 Put up in containers for retail sale 2 Other | 4.2% | | 3.0% (Free) | Free | |
| | | -200 | | Free | | | | |
| | 20 | -100 | Fruits of the genus Capsicum or of the genus Pimenta (Red pepper) 1 Put up in containers for retail sale 2 Other - Neither crushed nor ground - Crushed or ground | 7.0% | | 6.0% (Free) (Free) | Free | |
| | | -210 | | Free | | | | |
| -220 | | Free | | | | | | |
| 0905 | 00 | -000 | Vanilla | Free | | (Free) | | |
| 0906 | 11 19 20 | -000 | Cinnamon and cinnamon-tree flowers Neither crushed nor ground Cinnamon (Cinnamomum zeylanicum Blume) Other Crushed or ground | Free | | (Free) (Free) (Free) | | |
| | | -000 | | Free | | | | |
| | | -000 | | Free | | | | |
| 0907 | 00 | -100 | Cloves 1 Put up in containers for retail sale 2 Other - Neither crushed nor ground - Crushed or ground | 4.2% | | 3.6% (Free) (Free) | Free | |
| | | -210 | | Free | | | | |
| | | -220 | | Free | | | | |

Fig. 2-8: Tariff duties on spices (FY2011) (continued)

| H.S. code | | Description | Tariff rate | | | | | | |
|--------------------|------|----------------------------|---|-----------|-----|--------|------|------|--|
| | | | General | Temporary | WTO | GSP | LDC | | |
| 0908 | | Nutmeg, mace and cardamoms | | | | | | | |
| | 10 | -100 | Nutmeg 1 Put up in containers for retail sale | 4.2% | | 3.6% | Free | | |
| | | -210 | 2 Other | Free | | (Free) | | | |
| | | -220 | - Neither crushed nor ground - Crushed or ground | | | (Free) | | | |
| | 20 | -100 | Mace 1 Put up in containers for retail sale | 4.2% | | 3.6% | Free | | |
| | | -210 | 2 Other | Free | | (Free) | | | |
| | | -220 | - Neither crushed nor ground - Crushed or ground | | | (Free) | | | |
| | 30 | -100 | Cardamoms 1 Put up in containers for retail sale | 4.2% | | 3.6% | Free | | |
| | | -210 | 2 Other | Free | | (Free) | | | |
| | | -220 | - Neither crushed nor ground - Crushed or ground | | | (Free) | | | |
| | 0909 | 10 | Seeds of anise, badian, fennel, coriander, cumin or caraway, juniper berries | | | | | | |
| | | | Seeds of anise or badian | | | | | | |
| -100 | | | 1 Put up in containers for retail sale | 7.0% | | 6.0% | Free | | |
| -210 | | | 1) Neither crushed nor ground | Free | | (Free) | | | |
| -220 | | | 2) Crushed or ground | 3.5% | | 3.0% | Free | | |
| Seeds of coriander | | | | | | | | | |
| 20 | | -100 | 1 Put up in containers for retail sale | 7.0% | | 6.0% | Free | | |
| | | -210 | 2 Other | Free | | (Free) | | | |
| | | -220 | 1) Neither crushed nor ground 2) Crushed or ground | 3.5% | | 3.0% | Free | | |
| 30 | | -100 | Seeds of cumin 1 Put up in containers for retail sale | 7.0% | | 6.0% | Free | | |
| | | -210 | 2 Other | Free | | (Free) | | | |
| | | -220 | 1) Neither crushed nor ground 2) Crushed or ground | 3.5% | | 3.0% | Free | | |
| 40 | | -100 | Seeds of caraway 1 Put up in containers for retail sale | 7.0% | | 6.0% | Free | | |
| | | -210 | 2 Other | Free | | (Free) | | | |
| | | -220 | 1) Neither crushed nor ground 2) Crushed or ground | 3.5% | | 3.0% | Free | | |
| 50 | | -100 | Seeds of fennel, juniper berries 1 Put up in containers for retail sale | 7.0% | | 6.0% | Free | | |
| | | -210 | 2 Other | Free | | (Free) | | | |
| | | -220 | 1) Neither crushed nor ground 2) Crushed or ground | 3.5% | | 3.0% | Free | | |
| 0910 | 10 | Ginger | | | | | | | |
| | | -100 | 1 Provisionally preserved in brine, in sulphur water or in other preservative solutions | 15.0% | | 9.0% | | Free | |
| | | -210 | 2 Other | | | | | | |
| | | -231 | 1) Put up in containers for retail sale | 10.0% | | 5.0% | Free | | |
| | | -239 | 2) Other - Fresh - Other | 5.0% | | 2.5% | Free | | |

Fig. 2-8: Tariff duties on spices (FY2011) (continued)

| H.S. code | | | Description | Tariff rate | | | | |
|-----------|-------------------------------|----------------------|--|-------------|-----------|--------|------|------|
| | | | | General | Temporary | WTO | GSP | LDC |
| 0910 | 20 | -100 | Saffron 1 Put up in containers for retail sale | 4.2% | | 3.6% | Free | |
| | | -210 | 2 Other - Neither crushed nor ground | Free | | (Free) | | |
| | 30 | -220 | - Crushed or ground | | | (Free) | | |
| | | -100 | Turmeric (curcuma) 1 Put up in containers for retail sale | 4.2% | | 3.6% | Free | |
| | 91 | -210 | 2 Other - Neither crushed nor ground | Free | | (Free) | | |
| | | -220 | - Crushed or ground | | | (Free) | | |
| | 99 | -100 | Mixtures 1 Put up in containers for retail sale | 4.2% | | 3.6% | Free | |
| | | -200 | 2 Other | Free | | (Free) | | |
| | 99 | -200 | Other 1 Curry | 12.0% | | 7.2% | 3.6% | Free |
| | | | 2 Other 1) Put up in containers for retail sale | 4.2% | | 3.6% | Free | |
| | | -911 | - Thyme, bay leaves | | | 3.6% | Free | |
| | | | - Other | Free | | 3.6% | Free | |
| | | -919 | 2) Other - Thyme, bay leaves | | | (Free) | | |
| | | | -- Neither crushed nor ground | | | (Free) | | |
| -991 | | -- Crushed or ground | | | (Free) | | | |
| -992 | | - Other | | | (Free) | | | |
| -993 | -- Neither crushed nor ground | | | (Free) | | | | |
| -994 | -- Crushed or ground | | | (Free) | | | | |
| 2103 | 30 | -100 | Mustard 1 Put up in containers for retail sale | 12.2% | | 9.0% | | |
| -200 | | 2 Other | 10.3% | | 7.5% | | Free | |
| 1207 | 40 | -000 | Sesame | Free | | (Free) | | |

Source: Ministry of Finance

Note 1) Special emergency tariffs may be imposed on articles if their import volume has increased by more than a specified percentage or their import price has decreased by more than a specified percentage.

Note 2) Special preferential rate is applicable only for the Least Developed Countries.

Note 3) Normally the order of precedence for application of tariff rates is Preferential, WTO, Temporary, and General, in that order. However, Preferential rates are only eligible when conditions stipulated by law or regulations are met. WTO rates apply when those rates are lower than Temporary or General rates. Refer to "Customs Tariff Schedules of Japan" (by Customs and Tariff Bureau, Ministry of Finance) for a more complete interpretation of the tariff table.

2. Consumption Tax

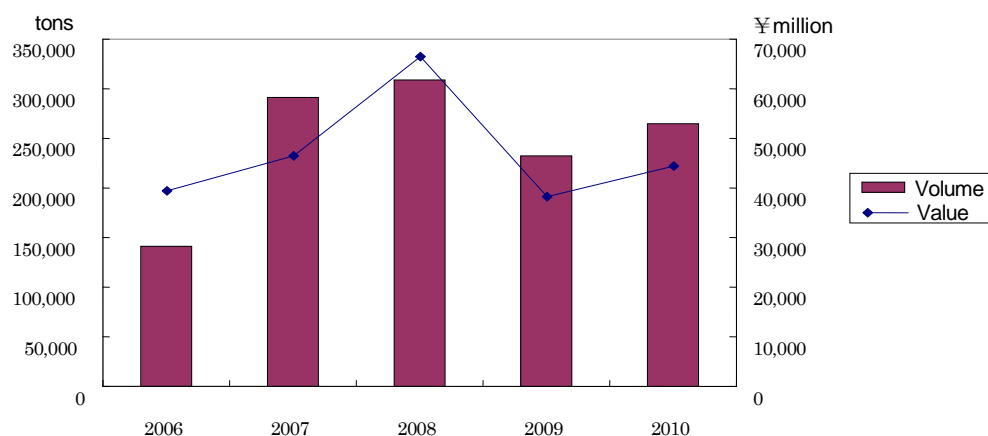
(CIF + Tariff duties) × 5%

IV. Trade Trends

1. Changes in Imports

Spices are imported in the form of "neither crushed nor ground" (seed, fruit, and bark etc. are picked, dried, and put in jars or bags), "crushed or ground" (dried spices are finely crushed and powdered), or "preparations."

The import volume of spices varies depending on various factors such as weather at the place of origin and fluctuations in the global supply and demand. The total volume imported in 2010 was 264,664 tons.

Fig. 2-9: Changes in spice and herb imports

Source: Trade Statistics (MOF)

Fig. 2-10: Changes in spice and herb imports by item

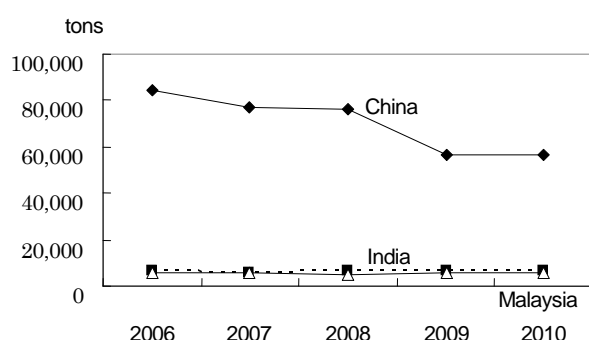
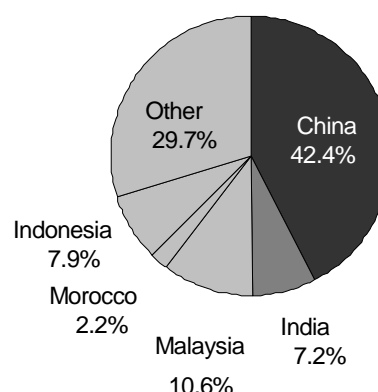
Units: volume = tons, value = ¥ million

| Item | Volume | | | | | Value | | | | |
|--------------|---------|---------|---------|---------|---------|--------|--------|--------|--------|--------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Red pepper | 11,005 | 10,655 | 11,869 | 13,043 | 11,600 | 4,047 | 6,248 | 4,940 | 4,306 | 4,387 |
| Pepper | 9,208 | 9,108 | 7,781 | 8,785 | 8,908 | 3,288 | 5,114 | 4,440 | 3,847 | 4,262 |
| Coriander | 3,519 | 3,171 | 3,944 | 2,967 | 3,956 | 455 | 417 | 608 | 484 | 610 |
| Turmeric | 4,491 | 4,315 | 4,487 | 4,449 | 3,798 | 685 | 689 | 745 | 862 | 1,181 |
| Cinnamon | 1,904 | 1,855 | 1,898 | 1,948 | 2,410 | 443 | 471 | 432 | 419 | 529 |
| Cumin | 2,310 | 1,794 | 2,217 | 2,221 | 2,163 | 597 | 709 | 921 | 731 | 688 |
| Mixtures | 664 | 708 | 734 | 738 | 735 | 257 | 287 | 303 | 263 | 261 |
| Fennel | 506 | 487 | 485 | 635 | 614 | 84 | 95 | 81 | 103 | 113 |
| Nutmeg, mace | 518 | 513 | 539 | 597 | 515 | 499 | 582 | 575 | 539 | 586 |
| Bay leaves | 366 | 399 | 410 | 365 | 408 | 251 | 343 | 234 | 222 | 233 |
| Cardamoms | 311 | 311 | 400 | 325 | 376 | 191 | 267 | 490 | 365 | 805 |
| Cloves | 393 | 395 | 350 | 337 | 359 | 199 | 179 | 183 | 141 | 169 |
| Vanilla | 118 | 112 | 108 | 102 | 105 | 882 | 600 | 550 | 440 | 418 |
| Other | 106,550 | 256,932 | 273,629 | 196,250 | 228,717 | 27,555 | 30,561 | 51,946 | 25,386 | 30,162 |
| Total | 141,863 | 290,755 | 308,851 | 232,762 | 264,664 | 39,433 | 46,562 | 66,448 | 38,108 | 44,404 |

Source: Trade Statistics (MOF)

2. Regional breakdown

There are numerous types of spices and therefore exporters to Japan are widely distributed, including Asian countries such as China, Malaysia, and India, as well as Mediterranean and African countries. The top exporter in terms of volume is China, mainly exporting red pepper and cinnamon. The total volume of exports from China in 2010 was 56,569 tons, but the recent trend has been downward. India, on the other hand, has shown a steady performance with its main spices, turmeric and mixed-spice blends (mixtures). 2010 exports showed 6,203 tons (90.4% vs. previous year), and despite the drop from the previous year, import volume has been generally stable. As for African nations, Morocco exported 3,589 tons (130.8% vs. previous year) in 2010, most of which was coriander.

Fig. 2-11: Trends in leading partner imports**Fig. 2-12: Shares of imports in 2010 (value basis)**

Source: Trade Statistics (MOF)

Fig. 2-13: Principal places of origin of spices and herbs

Units: volume = tons, value = ¥ million

| Country | Volume | | | | | Value | | | | |
|---------------------|---------|---------|---------|---------|---------|--------|--------|--------|--------|--------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2006 | 2007 | 2008 | 2009 | 2010 |
| China | 84,584 | 76,673 | 76,018 | 56,867 | 56,569 | 10,745 | 11,734 | 13,799 | 8,842 | 10,697 |
| India | 6,583 | 5,769 | 6,494 | 6,859 | 6,203 | 1,190 | 1,274 | 1,564 | 1,459 | 1,826 |
| Malaysia | 5,891 | 5,666 | 5,042 | 6,016 | 5,776 | 2,148 | 3,309 | 2,790 | 2,560 | 2,671 |
| Morocco | 3,153 | 2,750 | 3,582 | 2,743 | 3,589 | 429 | 383 | 576 | 452 | 549 |
| Indonesia | 2,946 | 3,821 | 4,039 | 2,954 | 3,399 | 1,338 | 1,992 | 2,013 | 1,628 | 1,996 |
| Other | 26,394 | 29,729 | 32,551 | 31,520 | 31,713 | 7,765 | 8,887 | 8,228 | 7,267 | 7,501 |
| Total | 129,552 | 124,409 | 127,725 | 106,959 | 107,249 | 23,613 | 27,578 | 28,968 | 22,208 | 25,240 |
| (African countries) | 88,341 | 79,994 | 116,503 | 69,747 | 106,045 | 8,865 | 9,007 | 22,421 | 8,436 | 12,301 |

Source: Trade Statistics (MOF)

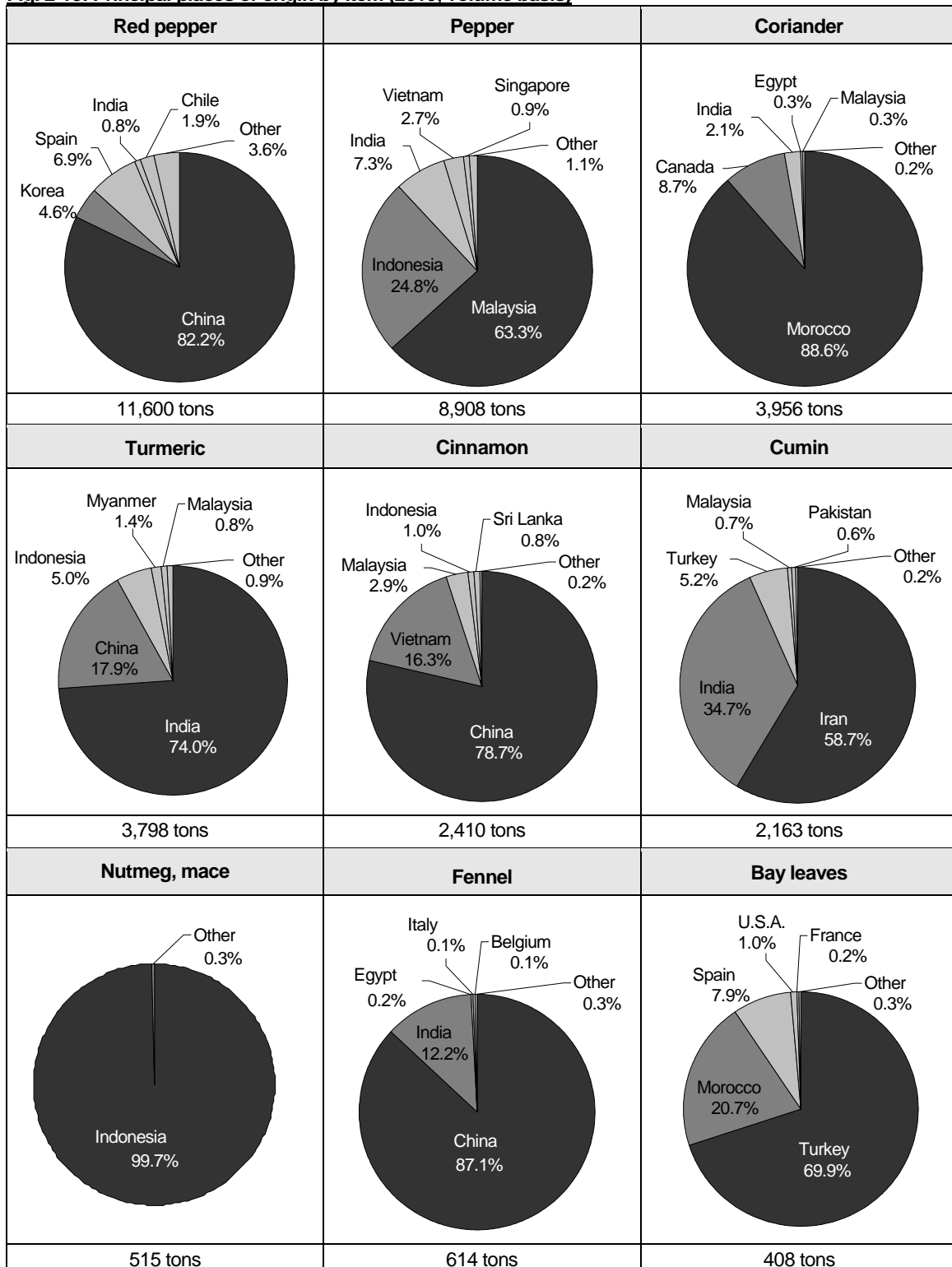
Fig. 2-14: Principal places of origin of spices and herbs by item (2010) Units: volume = tons, value = ¥ million

| Item | Total vol. imports | First place | | | | | Second place | | | | |
|--------------|--------------------|-------------|--------|-------|-------|-----------------|------------------|--------|-------|-------|-----------------|
| | | Country | Volume | Share | Value | Ave. unit Price | Country | Volume | Share | Value | Ave. unit price |
| Red pepper | 11,600 | China | 9,538 | 82.2% | 3,269 | 342.7 | Spain | 799 | 6.9% | 335 | 419.5 |
| Pepper | 8,908 | Malaysia | 5,639 | 63.3% | 2,596 | 460.3 | Indonesia | 2,211 | 24.8% | 1,205 | 545.1 |
| Coriander | 3,956 | Morocco | 3,505 | 88.6% | 534 | 152.3 | Canada | 343 | 8.7% | 46 | 134.1 |
| Turmeric | 3,798 | India | 2,809 | 74.0% | 865 | 308.0 | China | 679 | 17.9% | 189 | 277.6 |
| Cinnamon | 2,410 | China | 1,897 | 78.7% | 393 | 207.1 | Vietnam | 393 | 16.3% | 69 | 176.5 |
| Cumin | 2,163 | Iran | 1,270 | 58.7% | 396 | 311.7 | India | 750 | 34.7% | 242 | 322.9 |
| Mixtures | 735 | India | 564 | 76.7% | 145 | 257.0 | U.S.A. | 100 | 13.6% | 54 | 537.5 |
| Nutmeg, mace | 515 | Indonesia | 513 | 99.7% | 584 | 1,137.1 | Sri Lanka | 1 | 0.2% | 2 | 2,000 |
| Fennel | 614 | China | 535 | 87.1% | 91 | 170.3 | India | 75 | 12.2% | 19 | 250.8 |
| Bay leaves | 408 | Turkey | 285 | 69.9% | 137 | 481.2 | Morocco | 84 | 20.7% | 15 | 176.3 |
| Cardamoms | 376 | Guatemala | 349 | 92.7% | 740 | 2,119.9 | India | 27 | 7.1% | 64 | 2,402.3 |
| Cloves | 359 | Tanzania | 150 | 41.7% | 69 | 460.8 | Madagascar | 147 | 40.9% | 74 | 502.4 |
| Vanilla | 105 | Madagascar | 97 | 92.0% | 361 | 3,733.7 | Papua New Guinea | 2 | 2.2% | 10 | 4,203.9 |

Source: Trade Statistics (MOF)

Note) The share is calculated on a kg basis in the original data source and is not always in agreement with the percentage in the above table, which is calculated on a tonnage basis.

Fig. 2-15: Principal places of origin by item (2010, volume basis)



Source: Trade Statistics (MOF)

3. Import Market Share in Japan

Japan relies on imports for almost all of its supply of raw ingredients for spices. Some spices grown in Japan include wasabi, Japanese pepper, red pepper, and garlic, but production is limited with the self-sufficiency rate lower than 10%.

Meanwhile, most of the small-package products used in households or products for processing/industrial use are processed and commercialized in Japan, and imports of spices as products are rarely seen.

4. Background of Changes in Volume of Imports and Other Trends

Due to the soaring world prices of raw materials, most of the prices for spices and herbs were increased in Japan in 2008. However, due to some factors such as the tendency to eat at home and save money driven by the stagnant economy, household demand for spices and herbs such as pepper and red pepper is showing steady performance.

Furthermore, spices and herbs are used in bulk by restaurants and the food processing industry. General demand has not declined, despite the drop in 2009 imports as a reaction to the price hike.

V. Domestic Distribution

1. Trade Practice, Etc.

Market prices for raw materials fluctuate depending on the balance of supply and demand. Due to the abnormal weather conditions worldwide and the influx of speculative money into the market, most of the material costs for spices and herbs in Japan have continued to rise sharply and sales prices to end-consumers have been raised frequently since around 2005.

The distribution channel for spices and herbs is complicated with many middlemen such as primary wholesalers and secondary wholesalers. Hence there is a trend for middlemen cuts for each step.

Only a small portion of fresh herbs for household use are grown in Japan, auctioned at markets, and then sold as products for home use.

2. Domestic Market Situations

(1) Japanese spice and herb market

The Japanese spice and herb market has been dominated mostly by traditional Japanese spices such as wasabi and mustard. Apart from these traditional spices, only limited products such as pepper and parsley were seen, and the market was not expanding to handle a wider range of products. However in recent years, the Japanese diet has become diversified, and the market for assorted spices and herbs aside from the traditional Japanese spices (discussed later in (2) Market for industrial use and (3) Market for processing) has been growing significantly. These spices were not familiar to Japanese eating habits and remained small scale because consumers and restaurants were not aware of the usage and tended to avoid them. However, due to steady efforts by suppliers to educate consumers and eateries such as introducing recipes, there is a better understanding of their uses and cooking methods, which has led to an increase in sales. Furthermore, there has also been a recent rise in awareness triggered by the media's frequent reports on the positive effects these spices have on people's health. For example, a TV program in 2010 featured cinnamon as being effective in lowering blood sugar levels. Demand for cinnamon skyrocketed immediately after the broadcast and supermarkets continually went out of stock. Such cases have often been witnessed in recent years.

In the Japanese spice and herb market, S&B Foods holds 40% share and House Foods holds 20% of the share respectively. An extremely large number of other companies are entrants in the market with medium to small scale sales. Each company is making full use of its strengths to do business, such as specializing in wasabi, pepper, or processing use.

1) Market for households

Spices for household use account for around 60% of the market in terms of sales turnover. The main products include tubed wasabi or mustard processed to a paste, and ground pepper. Demand for these types of spices has grown due to consumers' thrifty habits of eating at home during the past few years. The market for spices and herbs aside from the traditional Japanese spices is minimal, but consumers are becoming more aware of the usages and characteristics. This has led to an expansion in use by private households, helping to boost overall market scale.

2) Market for industrial use

Industrial use of spices for the restaurant industry accounts for slightly lower than 30% of the market. A wider variety of spices and herbs is being used, compared to household use. The past few years has seen the overall restaurant market diminishing, but since restaurants have increased the number of dishes which contain spices and herbs, the market is increasing in the area of commercial use. In particular, since the early 1990s when Italian cuisine became a fad, the use of spices and herbs has become more popular. The spread of Spanish and Indian cuisine is also a factor in boosting this trend. Moreover, despite its minimal market size, Moroccan cuisine has also gained popularity since 2010. Herbs such as basil,

oregano, thyme, saffron, and rosemary, which were not frequently used in Japan, and spices such as cumin which were rarely used, other than in curries, are being used more frequently. The awareness level has been heightened and understanding of the usage is also being promoted in the overall restaurant industry.

3) Market for processing

Spices used in food processing or as beverage ingredients account for slightly more than 10% of the market. The main products are curry products such as instant curry blocks (solid curry mix) and retort curry (curry packaged in retort containers), followed by an increasing number of other processed foods using spices and herbs that are contributing to the steady development of the market. In 2010, in particular, chili oil (a spicy Chinese condiment blending several kinds of spices) became a hit, and demand for ingredients such as garlic and red pepper surged. Furthermore in recent years, there have been an increasing number of cases where the media has reported on the health benefits of spices and herbs, and commercializing of health foods and drinks using spices and herbs is also gaining attention. Turmeric is said to help improve liver functions and “Ukon no chikara (power of turmeric),” a turmeric drink by House Foods, has become a huge hit since the mid-2000s. Ginger is said to warm the body and hot drinks that contain ginger such as “Shoga chai (ginger chai)” by Nagatanien are also increasing in sales. Consequently, demand for raw ingredients used in these products is also rising. Moreover, after research was conducted to prove that Grains of Paradise, a type of spice which was not familiar to the Japanese market, was effective in losing weight, Kanebo Cosmetics developed a diet beverage called “Hikishime ginger (slimming ginger)” in 2009, using Grains of Paradise produced in Africa.

Since 2008 the market has experienced continuous price hikes due to the sharp rise of world spice and herb material costs. However, consumer demand tends to be high in all areas of household use, industrial use (such as restaurants), and processing. Hence, the market is seeing overall growth.

Fig. 2-16: Spice and herb market in Japan

| Year | Sales (¥ million) | Yearly change |
|-----------------|----------------------|---------------|
| 2006 | 87,850 | 100.4% |
| 2007 | 87,850 | 100.0% |
| 2008 | 89,150 | 101.5% |
| 2009 | 90,800 | 101.9% |
| 2010 (forecast) | 94,200 | 103.7% |

Source: 2011 Food Marketing Handbook No. 4, Fuji Keizai

Fig. 2-17: Spice and herb market by use

| Year | 2006 | | 2007 | | 2008 | | 2009 | | 2010 (forecast) | |
|------------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------|--------|
| | Sales | Ratio | Sales | Ratio | Sales | Ratio | Sales | Ratio | Sales | Ratio |
| Households | 54,850 | 62.4% | 54,900 | 62.5% | 55,400 | 62.1% | 55,600 | 61.2% | 57,800 | 61.4% |
| Industrial | 23,300 | 26.5% | 23,250 | 26.5% | 23,950 | 26.9% | 25,050 | 27.6% | 25,650 | 27.2% |
| Processing | 9,700 | 11.0% | 9,700 | 11.0% | 9,800 | 11.0% | 10,150 | 11.2% | 10,750 | 11.4% |
| Total | 87,850 | 100.0% | 87,850 | 100.0% | 89,150 | 100.0% | 90,800 | 100.0% | 94,200 | 100.0% |

Source: 2011 Food Marketing Handbook No. 4, Fuji Keizai

(2) Use of spices and herbs in Japan

1) Curry ingredients

Curry was originally introduced to Japan from India and the U.K., but has evolved on its own to become a taste unique to Japan and is now one of the most popular dishes in Japan. Most curries are cooked by mixing dozens of spices and herbs including turmeric, cumin, red pepper, nutmeg, and cardamom, but cooking at home or at restaurants rarely go through this process. Instant curry blocks or retort curries are usually used instead. Therefore, one characteristic of the Japanese spice market is that, curry blocks and retort curry producers are the products that use the largest volume of spices and herbs.

2) Condiments

Traditional Japanese spices such as wasabi or mustard, pepper, and red pepper have been commonly used as condiments since ancient times. However, because it is difficult to make good use of other spices and herbs as seasonings at home or at restaurants, they were used only in high-end restaurants or a limited number of homes. Recently, since there is more

awareness on how to use these condiments, a variety of spices and herbs are used both within the household and at eateries by making the most out of their features. Spices and herbs used in Western, Chinese, Korean, and Southeast Asian cuisine have been increasing in both variety and volume. Growth is especially prevalent in spices and herbs used in Western dishes such as French, Italian, and Spanish cuisine. Spices which were not well known or used before such as basil, oregano, thyme, saffron, and rosemary have increased dramatically over the past ten years or so, both in visibility and in the quantity consumed. Furthermore, the boom for authentic sweets took off in the mid-2000s, and demand for vanilla and cinnamon used in cakes and ice cream also rose sharply.

3) Raw ingredients for processed foods

Among all processed foods that include spices and herbs, the volume used in various curry products is the largest. However, spices and herbs of some sort or another are included in an enormous number of processed food products. Some of the food products that use large quantities are Worcestershire sauce and instant noodles, but lately more portions are also used in snacks and dressings.

The amount of spices and herbs used in snacks is not large compared with curries and sauces. However, due to the huge hit “Bokun habanero (sultan habanero),” (a snack launched by Tohato in the mid-2000s using habanero which is a Mexicanchilli pepper said to be the worlds hottest spice), a wide range of processed foods using habanero has been released to increase demand.

4) Herbal tea

Herbal tea is gradually becoming popular especially among women for its distinct aroma, vivid color, and relaxing effect, compared with coffee, tea, or green tea. The market size is extremely small compared to coffee, tea, green tea, and oolong tea, but is expanding particularly with an increase in demand from restaurants. This trend has especially been boosted by family restaurants (restaurants targeting a wide range of customers from children to senior citizens which are open long hours and prepare a wide range of dishes) expanding their herbal tea offerings in recent years. Whereas coffee and tea are sold more at mass retailers or convenience stores, herbal tea is sold more frequently at tea stores such as LUPICIA or herbal tea stores where a variety of tea leaves are available for selection. Rosehip, chamomile, hibiscus, lavender, and mint are popular.

(3) Types of spices and herbs in Japan

Except for the traditional spices such as wasabi and mustard, the volume of spices and herbs used in curry tends to account for a large amount in Japan.

1) Red pepper

Red pepper is a spice used historically Japan and has been added to an assortment of dishes and processed foods. Recently the use of this spice has become even more versatile, and hot-selling products containing red pepper such as snacks and chili oil have contributed to the steady volume of sales. Moreover, starting in the early 2000s, there was increasing awareness that a component in red pepper called capsaicin is effective in burning fat. Hence red pepper and products containing this spice gained popularity. Most of it is imported, with the import share of China at 80%. Spain, Korea, and Chile are also exporters to Japan, and a small amount is also produced domestically.

2) Pepper

As in the case of red pepper, pepper also has a long history of usage in Japan. The market size is considerable since it is being used in all kinds of food products. Malaysia, Indonesia, India, Vietnam, Singapore, and others export to Japan.

3) Coriander seed

Leaves are often used in Chinese and Thai food, and are also grown in Japan. Seeds are imported in large volume and used in curry. Morocco holds an overwhelming import share of nearly 90%, followed by Canada, India, Egypt, and Malaysia.

4) Turmeric

Japanese curry tends to be yellow in color. This color comes from turmeric. Since turmeric is an essential spice when preparing curry, there is a significant and relatively stable demand. Around 70% is imported from India, followed by countries such as Indonesia, Myanmar, and Malaysia etc.

5) Cinnamon

Cinnamon has been commonly used in cakes, pies, and other confectioneries, however, partly due to the 2000 to 2001 boom for rolls and cakes that use a lot of cinnamon, it has been used more frequently in sweets. Recently, there have been more cases where cinnamon is used in coffee drinks such as cappuccinos and the demand in the last few years has been rising. Also in 2010, a TV program introduced cinnamon as being effective in lowering blood sugar levels. As a result, demand for cinnamon experienced a sudden rise, setting off a boom that resulted in supermarkets becoming short of supply. Demand has returned to earlier levels after the boom subsided in a few months, but cinnamon has definitely gained recognition. Close to 80% is imported from China, with other countries following such as Vietnam, Malaysia, Indonesia, and Sri Lanka.

6) Cumin

Cumin is an indispensable spice when cooking curry, therefore demand is stable. More than half of the total import volume comes from Iran. Other exporters to Japan include India, Turkey, Malaysia, and Pakistan.

7) Cloves

Cloves are often used to prepare ham, sausages, curry, and various meat dishes, consequently supplying stable consumption. Tanzania and Madagascar export almost the same amount to Japan and these two nations make up most of the total volume imported.

8) Vanilla

Vanilla, which is essential in cakes and desserts, was primarily used in the form of essence in Japan. However in recent years, as a result of the increased popularity of sweets, more people are using vanilla beans, which seem more authentic, and the volume of imports has also been expanding. In the cake and confectionery industry, it is said that vanilla from Madagascar

is more fragrant and demand is high as a luxury item. For this reason, cakes and confectioneries are sold with the catchphrase “Madagascar vanilla added.” Hence, vanilla from Madagascar holds an overwhelming majority of the market, with minimal imports from Papua New Guinea and Uganda.

9) Bay leaves

Bay leaves are essential in stewed dishes and pickles, often used in French cuisine and curry. Turkey accounts for more than half of total imports, followed by Morocco and Spain.

10) Sesame

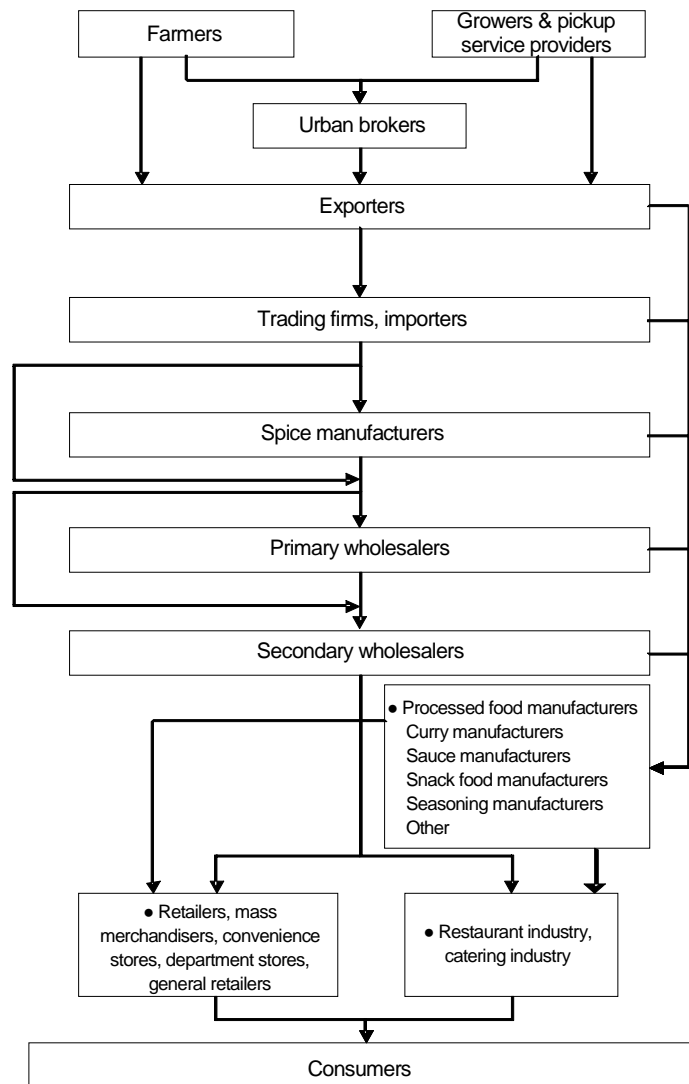
Sesame is used after processing into toasted sesame, ground sesame, or sesame paste. Sesame is recognized as having positive health effects, hence both black and white sesame are used in a variety of dishes as well as sweets. Most of the ingredients are imported, relying on shippings from Asian and South American nations. In Japan, sesame with a yellow outer skin is called golden sesame and distributed as a high-value-added product. Golden sesame from Turkey or Egypt is sold in Japan. Differentiating factors aside from prices would be products aiming to go “organic,” which are now growing in sales. A leading processed sesame manufacturer is selling products that use sesame from Paraguay and Turkey. Raw material for sesame oil is also being imported from African and Latin American states such as Nigeria, Burkina Faso, Tanzania, and Paraguay.

3. Distribution Channels

Many of the spices and herbs in Japan are made from raw materials produced overseas. Except for a portion of the spices and herbs such as wasabi, ginger, and fresh herbs, Japan relies on overseas imports for basic ingredients.

Spices and herbs imported from the country of origin via importers generally go through a process of foreign body removal, and are then made into products for home use, industrial use, or processing to be sold in the market. There are also many cases where spices are used as processed foods such as for curry products. Hence, it is also common for major processed food manufacturers to buy spices and herbs.

Fig. 2-18: Distribution channels for spices and herbs



Source: Fuji Keizai research data

4. Issues and Considerations for Entering the Japanese Market

Spices and herbs are often prepared by drying plants originating in subtropical zones or temperate zones. Hence they are prone to microbial contamination by various microorganisms in each step from harvesting to the final stages of production, and storage. They need to be under stringent control in all phases of production, storage, and transportation in the country of origin. The Food Sanitation Act sets standards on the amount of food additives, pesticide residues, and contaminated material allowed. Products not meeting the standards will be banned from entry into the Japanese market.

Natural toxicant aflatoxin, produced by fungi, is known as carcinogenic mycotoxin. The Food Sanitation Act strictly limits

the aflatoxin B1 content of spices to less than 0.01 ppm. Moreover, the Japanese grocery industry sometimes requests an even more demanding level than legal standards. For example, spices with aflatoxin content of less than 0.01 ppm will clear customs, but in actual transactions it is often the case that clients require no detection of aflatoxin at all.

The regulation for aflatoxin currently only limits aflatoxin B1 content to be lower than 0.01 ppm. However, according to the Ministry of Health, Labour and Welfare, regulations will be tightened starting in October of 2011. Restrictions are planned to be amended to limit the total content of aflatoxin B1, B2, G1, and G2 to be under 0.01 ppm.

The Japanese have a high level of consciousness regarding food sanitation, and there is a tendency to not allow even the least bit of foreign objects in spices and herbs. Foreign substances tend to get mixed in spices and herbs in the process of picking in the country of origin. Therefore, a system that prevents impurities mixing with the product is required. Furthermore, products packaged locally are rarely sold directly in the Japanese market as they are less reliable in terms of any substances being mixed etc. In most cases, Japanese spice manufacturers will perform a thorough inspection, and then reprocess and repackage the products.

This is not only true for the spice and herb market. Food products in Japan are now required to be safe, secure, and healthy. Regarding safety and security, naturally the amount of residual pesticides and contaminated substances detected should be below the regulated amount and establishing traceability of the products is also effective in ensuring safety and security. Regarding health, there have been many types of spices and herbs that increased their sales due to their healthiness and functionality being recognized by consumers. Hence it is effective to appeal to consumers the health benefits of a product as much as possible. According to the Pharmaceutical Law, spices and herbs cannot be labeled as being “effective in weight control.” Consequently, there is a tendency to demonstrate evidence by providing objective and concrete data.

<Exhibitions>

Fig. 2-19: Exhibitions for spices and herbs

| | | |
|--------------------------------------|---|----------------------|
| Overall food products | FOODEX | |
| | http://www3.jma.or.jp/foodex/ja | TEL: +81-3-3434-3453 |
| | International Hotel & Restaurant Show | |
| | http://www.jma.or.jp/hcj | TEL: +81-3-3434-1377 |
| | Supermarket Trade Show | |
| | http://www.smts.jp | TEL: +81-3-5209-1056 |
| Dessert, cake, beverage | Dessert, Sweets & Drink Festival | |
| | http://www.dainichiad.co.jp/html/fabex/deza_top.htm | TEL: +81-3-5294-0071 |
| Home-meal replacement (takeout food) | FABEX | |
| | http://www.fabex.jp | TEL: +81-3-3523-2755 |

5. Failure Cases

<Gamma-ray irradiation>

In 2009, a trading firm importing and selling food products initiated a voluntary recall of spices and chai tea leaves from India, citing possibility of sterilization procedures using gamma-ray irradiation, which is banned under the Food Sanitation Act. There is a possibility that disinfection procedures for shipments to the EU and within India, which allow gamma-ray irradiation, were also imposed on shipments to Japan where irradiation is not accepted. The irradiation level is said to be within the standards set by the CAC (Codex Alimentarius Commission), an organization established by the WHO. Nevertheless, Japan does not allow gamma-ray irradiation as a basic rule.

6. Import Associations & Related Organizations

Fig. 2-20: Spice and herb importer associations and related organizations

| | |
|------------------------------|---|
| All Nippon Spice Association | http://www.ansa-spice.com TEL: +81-3-3237-9360 |
|------------------------------|---|