USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 10/1/2015
GAIN Report Number: JA5053

Japan

Potatoes and Potato Products Annual

2015 Japan Potatoes and Potato Products Annual

Approved By:
Jess Paulson

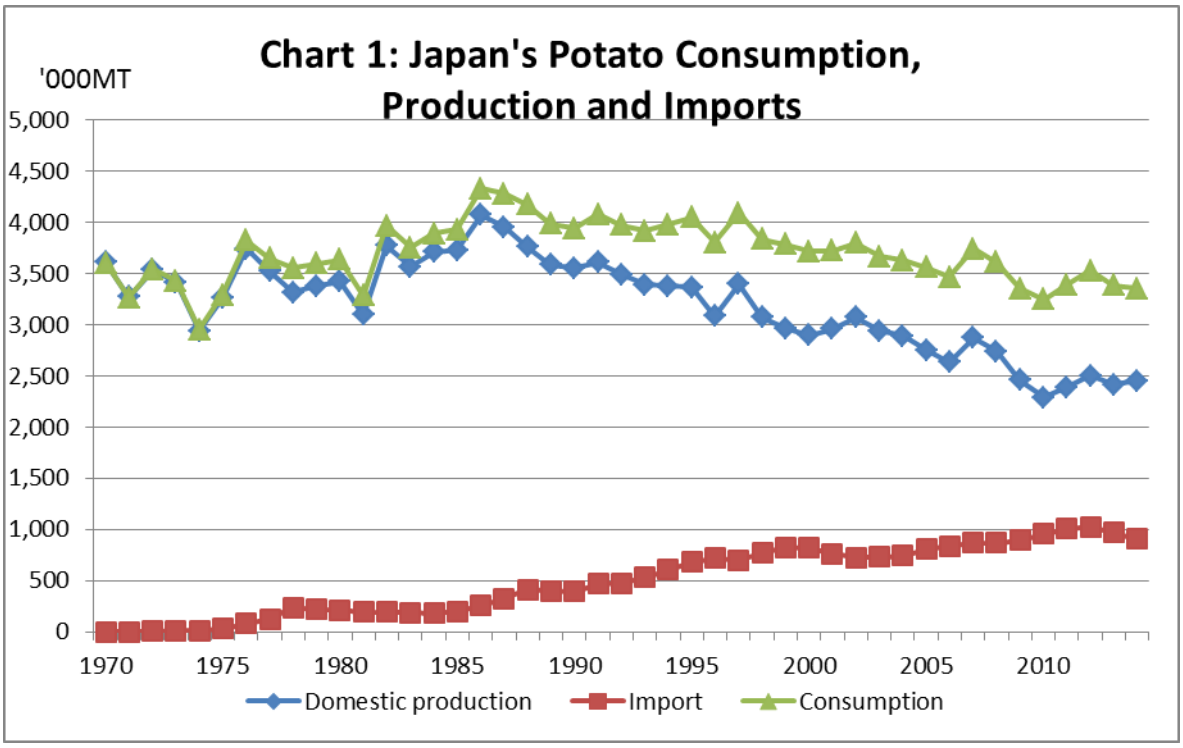
Prepared By:
Keiko Fujibayashi, Jess Paulson

Report Highlights:
Japanese potato production increased by 2 percent to 2.46 million metric tons (MMT). However, continued growth in processed potato products contributed to 15 percent growth in fresh potato imports in MY2014/15. Imports of frozen french fries were 11 percent lower than in MY2013/14. A contraction in Japanese domestic potato production that is expected to occur over the next decade could present greater opportunities for imports, particularly U.S. potatoes, as they are highly valued for quality and price by Japanese processors and consumers. An additional challenge was presented on August 19 when the Ministry of Agriculture, Forestry and Fisheries (MAFF) confirmed the presence of a white cyst nematode in northern Hokkaido.

Commodities:
Potato Products, Frozen

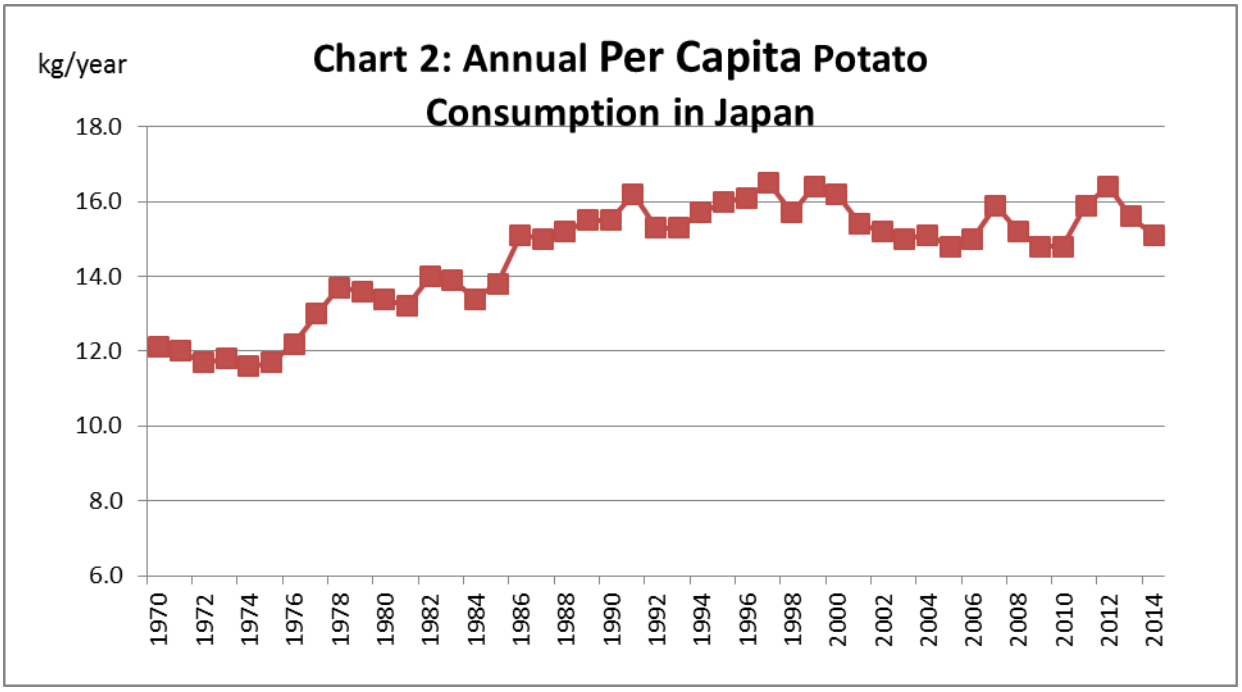
Market Overview

Japan's potato production has steadily declined since it peaked in 1986 at 4.1 million metric tons (MMT)(Chart 1). However, demand has remained more or less constant at around 3.5 MMT over the last few decades, and to meet this shortfall, imports have gradually increased.



Source: Ministry of Agriculture, Forestry and Fisheries (MAFF)
(Data for 2014 is preliminary)

Between 1970 and 1997, annual Japanese per capita potato consumption increased in line with the expansion of fast food restaurants serving french fries (Chart 2). Over the last two decades, per capita consumption has remained consistent between 15 and 16 kilograms per year.



Source: MAFF
(Data for 2014 is preliminary)

Fresh Potatoes

Production

In 2014, Japanese fresh potato production increased slightly by two percent over the previous year to 2.46 MMT (Table 1). A two percent reduction in total planted area was offset in 2014/2015 by a 4 percent increase in yields to 31.4 MT/ha due to good weather. As a result, production exceeded the previous five-year average production of 2.4 MMT. But the reduction in total planted area is consistent with the annual declining trend, which is largely due to the increasing exit of aging farmers, their lack of successors, and the preference of farmers to produce wheat (which is less labor intensive). Given these challenges, Japanese manufacturers of potato products, such as potato chips, are concerned about the future availability of domestic potatoes for processing. The chipping industry forecasts one percent growth annually, and foresees the procurement of a larger proportion of Japan's declining domestic production of fresh potatoes. Post forecasts a MY 2015/16 production of about 2.4 MMT based on the assumptions of a continued decline in production area to 77,500 ha and average weather conditions and yields.

Table 1: Japan's Fresh Potato Production

Year	Area Planted (ha)	Production (MT)	Yield (MT/ha)	Utilization (MT)
2005	86,900	2,752,000	31.7	2,242,000
2006	86,600	2,635,000	30.4	2,135,000
2007	87,400	2,873,000	32.9	2,370,000
2008	84,900	2,743,000	32.3	2,251,000
2009	83,100	2,459,000	29.6	2,001,000
2010	82,500	2,290,000	27.8	1,864,000
2011	81,000	2,387,000	29.5	1,961,000
2012	81,200	2,500,000	30.8	2,061,000
2013	79,700	2,408,000	30.2	1,999,000
*2014	78,300	2,456,000	31.4	2,055,000
**2015	77,500	2,400,000	31.0	2,000,000

Source: MAFF
*Note: 2014 data is preliminary
** FAS/Tokyo forecast

Table 2: Japan's Major Fresh Potato Producing Prefectures (2014)

	Area Planted		Production	
Prefecture	ha	%	MT	%
Total	78,300	100.0	2,456,000	100.0
Hokkaido	51,500	65.8	1,916,000	78.0
Nagasaki	3,900	5.0	105,300	4.3
Kagoshima	4,310	5.5	93,500	3.8
Ibaraki	1,510	1.9	42,400	1.7
Chiba	1,260	1.6	29,400	1.2
Other	15,820	20.2	269,400	11.0

Source: MAFF

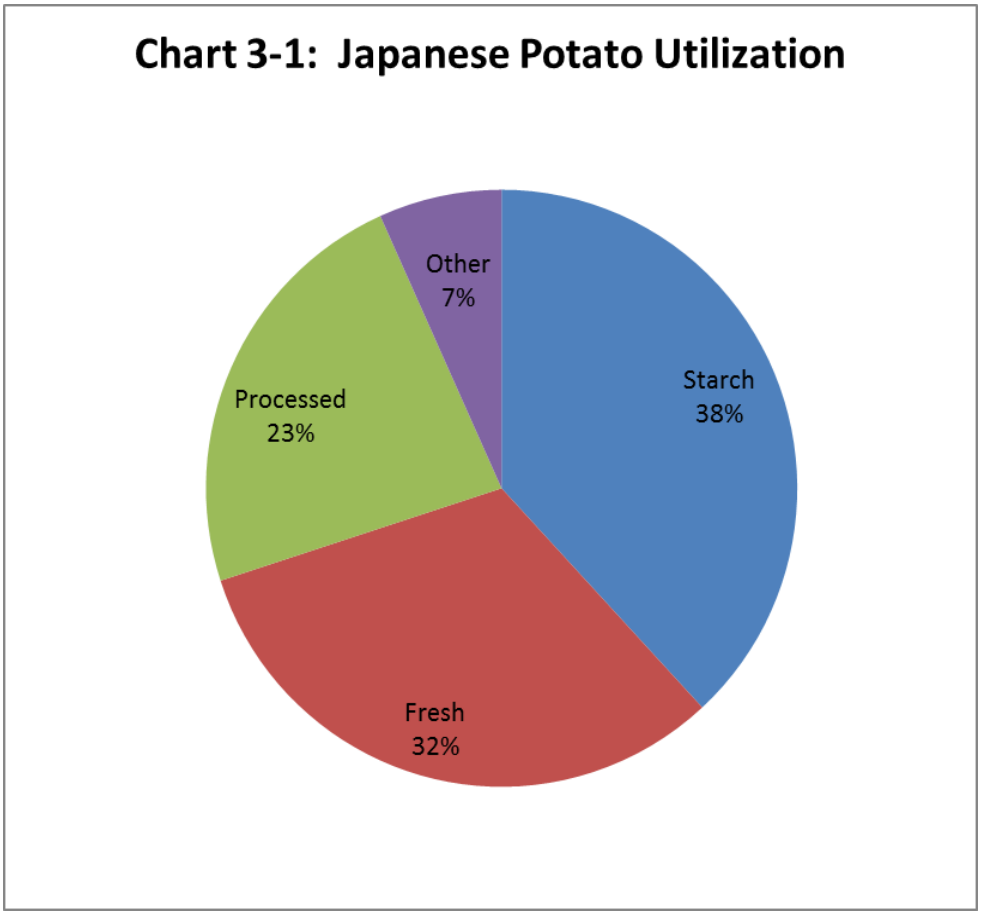
Hokkaido, Japan's northernmost island, is the major potato producing region in Japan, accounting for nearly 80 percent of the nation's total output (Table 2). Hokkaido's cool temperatures and large-scale agricultural land provide suitable conditions for potato production. Potatoes in the Hokkaido region are planted in late spring, after the ground has thawed, and are harvested from August to October. Much of Hokkaido's potato production is stored and distributed to the market through the following spring. In 2014, Hokkaido's fresh potato production was 1.92 MMT, up two percent from the previous season due to favorable weather during the growing season, despite a two percent decrease in total planted area. Some farmers switched to wheat production, as potatoes are more labor intensive, especially during harvest season. Despite the application of mechanical harvest on large scale farms, the elimination of poor grade potatoes must often be done by hand. In addition, small farmers still rely on older types of machines that require more labor for selecting potatoes. Hokkaido farmers rotate crops among sugarbeets, wheat, legumes, and potatoes.

In addition to Hokkaido, the island of Kyushu is also a major producer of potatoes with the prefectures of Nagasaki and Kagoshima as Japan's second and third largest potato producing areas, respectively.

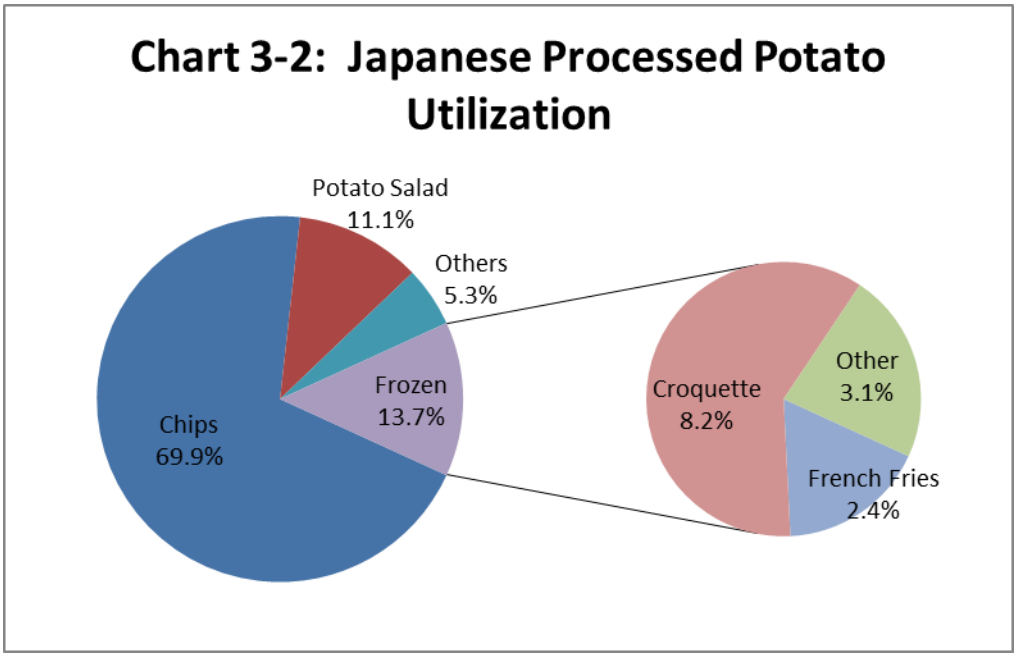
Potatoes in Kyushu (as well as the island of Honshu, the main island of Japan) are planted and harvested throughout the year: winter (harvested from February through April), spring (May through July), and fall (harvested in November and December). These potatoes are primarily sold for fresh produce as soon as they are harvested.

Consumption

In 2014, Japanese household (two or more persons per household) consumption of fresh potatoes decreased slightly to 10.7 kilograms per year, approximately one percent less than in the previous year. Chart 3-1 shows the breakdown of fresh potato utilization in Japan. According to Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF), 32 percent of Japanese potatoes are consumed fresh in households and restaurants. The starch industry uses 38 percent, and the food processing sector, including potato chips and frozen potato product manufacturers, utilizes about 23 percent. The remaining seven percent is used primarily as seed potatoes and feed. As seen in Chart 3-2, the majority of processed potato products is potato chips (70 percent), followed by frozen potato products (14 percent) and potato salad (11 percent).



Source: MAFF (2013 data)

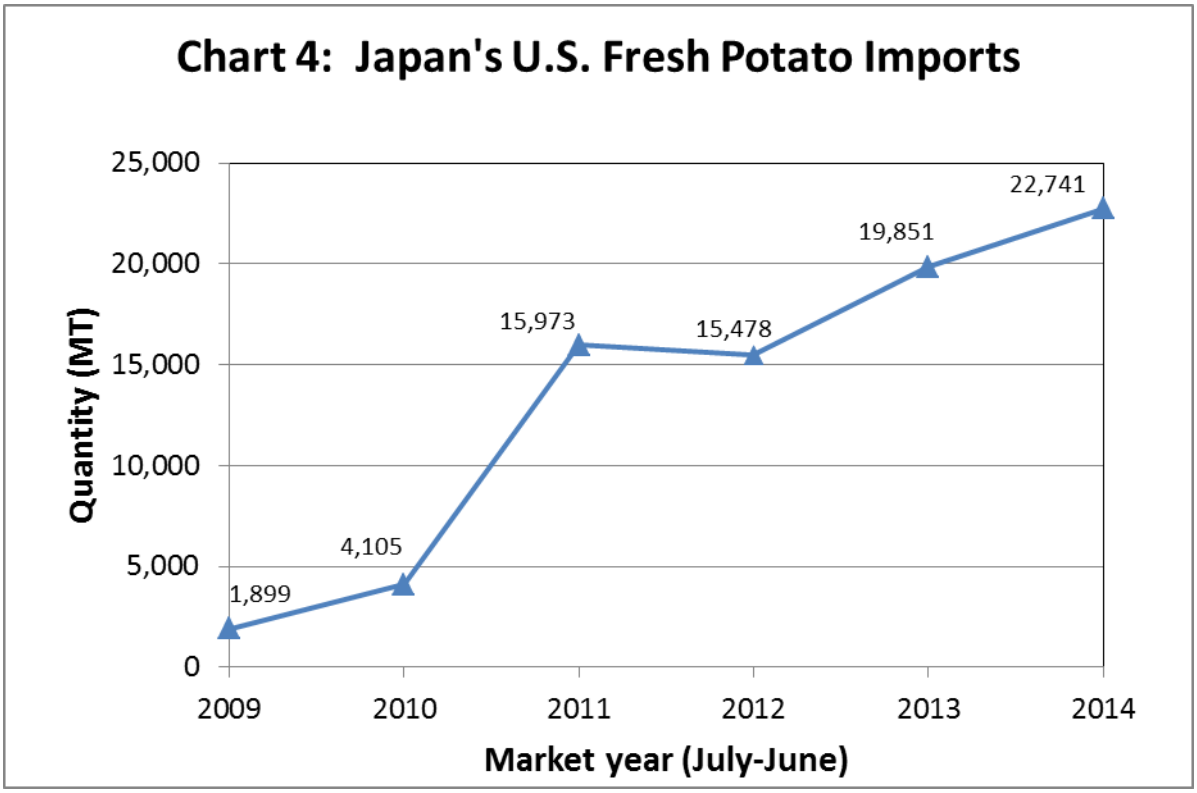


Source: MAFF (2013 data)

Trade – Imports

In MY 2014/15, Japanese imports of fresh potatoes from the United States reached 22,741 MT, an increase of 15 percent over MY 2013/14 (Chart 4). The demand for U.S. chipping potatoes was strong, mainly due to an increase in sales of potato chips and a limited supply of Japanese potatoes.

Since Japan first began allowing the import of U.S. fresh potatoes in 2006, Japanese potato chip manufacturers built a solid relationship with U.S. suppliers and anticipated expanding their imports. Chipping manufacturers have been actively seeking to enhance their access to outsourcing as they have concerns about the availability of domestic supplies for processing in the near future. Given the consistent increase in demand for processed potato products in Japan, and the projection of stagnant domestic production, Post estimates that Japanese imports of potatoes will increase to 25,000 MT in MY2015/16.



Source: Global Trade Atlas

Trade – Exports

Japan's production of fresh chipping potatoes has declined gradually while demand for processed potato products has risen steadily. At the same time, Japan's import of fresh potatoes for chipping has increased about 47 percent since 2012. Despite stronger production in MY2014/15, imports of fresh potatoes for processing remain strong.

Japan's exports of fresh potatoes in MY2014/15 decreased to 24 MT, or 27 percent less than the previous season. Since the total demand for fresh potatoes in Japan exceeds domestic production, Post expects Japanese exports of fresh potatoes to continue to diminish.

Policy

Eligible States: Currently, Japan limits the import of U.S. fresh potatoes strictly for use in chip manufacturing. Under the protocol established in 2006, 14 U.S. states were potentially eligible to ship potatoes to Japan under certain conditions, including field designation. The original eligible States were: Arizona, California, Colorado, Florida, Idaho, Maine, Michigan, Minnesota, New Mexico, North Dakota, Oregon, Texas, Washington, and Wisconsin. However, when the market opened, only fields from the state of California had been designated to ship fresh chipping potatoes to Japan. In 2010, after extensive bilateral consultations and successful MAFF on-site audits, fields in the state of Washington

were designated for shipping to Japan. In 2012, MAFF also registered Nevada and Montana as eligible to ship to Japan.

Shipping season: Starting in 2012, MAFF extended the shipping season to include the month of July. As a result, the United States can now export potatoes to Japan from February through July.

Overland transportation: According to the 2006 import protocol, MAFF did not allow overland transportation of U.S. potatoes from the port to the chipping facilities due to phytosanitary concerns. As a result, only chipping facilities located in the port were allowed to request MAFF approval to import and process U.S. potatoes in Kagoshima and Hiroshima. Unlike the Hiroshima Port, the Kagoshima Port (where the most recently approved facility is located) is a local port that cannot handle large-size vessels. Consequently, U.S. potatoes needed to be loaded onto lighter coastal vessels at the nearest port in Shibushi, which is approximately 100 kilometers east of Kagoshima. As the smaller vessels are not equipped to keep the cargo refrigerated, the eight to nine hour travel time to Kagoshima can cause premature sprouting and adversely affect the quality of the potatoes. Additionally, Japanese chipping manufacturers found this means of transportation extremely inefficient and costly. Thus, chipping manufacturers requested MAFF to allow overland transportation by truck from the Shibushi port directly to the chipping facility. The Shibushi port has the capacity to handle containerized cargo and is equipped with electricity, which allows the potatoes to remain refrigerated. In addition, the shorter overland travel time would reduce the risk of quality deterioration.

In March 2015, MAFF completed its technical review and approved overland transportation subject to the following condition: 'Overland transportation is allowed only for approved heat processing facility located in port area where port facilities are limited to receive lighters and where large size vessels are unable to berth, therefore, it is considered that importing U.S. potatoes directly from ocean going vessels is impossible.' This condition applies to the overland transportation between Shibushi and Kagoshima, since the Kagoshima Port facilities are insufficient to receive ocean going vessels at their berths.

Marketing

During the first few years following the 2006 market opening, Japanese imports of U.S. fresh potatoes were limited to 1,000 MT annually, mainly because Japanese chipping manufacturers were not familiar with the quality and characteristics of U.S. fresh potatoes. Working closely with Japanese chip processors, U.S. potato exporters have supplied high quality potatoes, provided suitable potato varieties and have successfully met the needs of the Japanese manufacturers. As a result, the Japanese industry reports that the rate of rejection for imported U.S. potatoes over the last few years was very small.

Since the 2011 season, when Japan began importing stored potatoes (the previous year's crop) from the state of Washington, Japanese chipping manufacturers have confirmed the quality of stored potatoes and verified that other potato varieties can meet their needs. The U.S. potato industry worked with the Japanese chipping manufacturers through reverse trade missions and other activities to assist them in testing new potato varieties and expanding their purchases from the United States. These efforts led Japan to purchasing stored potatoes from Nevada in 2012.

Tariff

Japan: Import Duties 2015		
Tariff Code (HS)	Description	Duty Rate (%)*
0701.90	Fresh potatoes	4.3%
Source: Customs Tariff Schedules of Japan 2015		
** all duties are charged on a CIF basis*		

Trade Data

Table 3: Japan's Imports of Fresh Potatoes (Quantity in MT) HS: 0701.90

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15
World	4,310	16,017	15,478	19,854	22,773
United States	4,105	15,973	15,478	19,851	22,741
China	205	44	0	3	32

MY: July-June
Source: Global Trade Atlas

Table 4: Japan's Imports of Fresh Potatoes (Value in U.S. Dollars) HS: 0701.90

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15
World	3,369,165	9,070,611	8,398,437	10,558,875	12,093,379
United States	3,168,976	9,019,556	8,398,437	10,556,817	12,067,785
China	200,189	51,056	0	2,058	25,593

MY: July-June
Source: Global Trade Atlas

Table 5: Japan's Fresh Potato Exports (Quantity in MT) HS: 0701.90

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15
World	8	231	7	33	24
Hong Kong	5	2	4	18	17
Singapore	3	1	3	15	7
Taiwan	0	0	0	0	0
Malaysia	0	228	0	0	0

MY: July-June
Source: Global Trade Atlas

Table 6: Monthly Japanese Fresh Potato Wholesale Price in yen/kg

Month	MY 2013/14	MY 2014/15
July	139	129
August	176	129

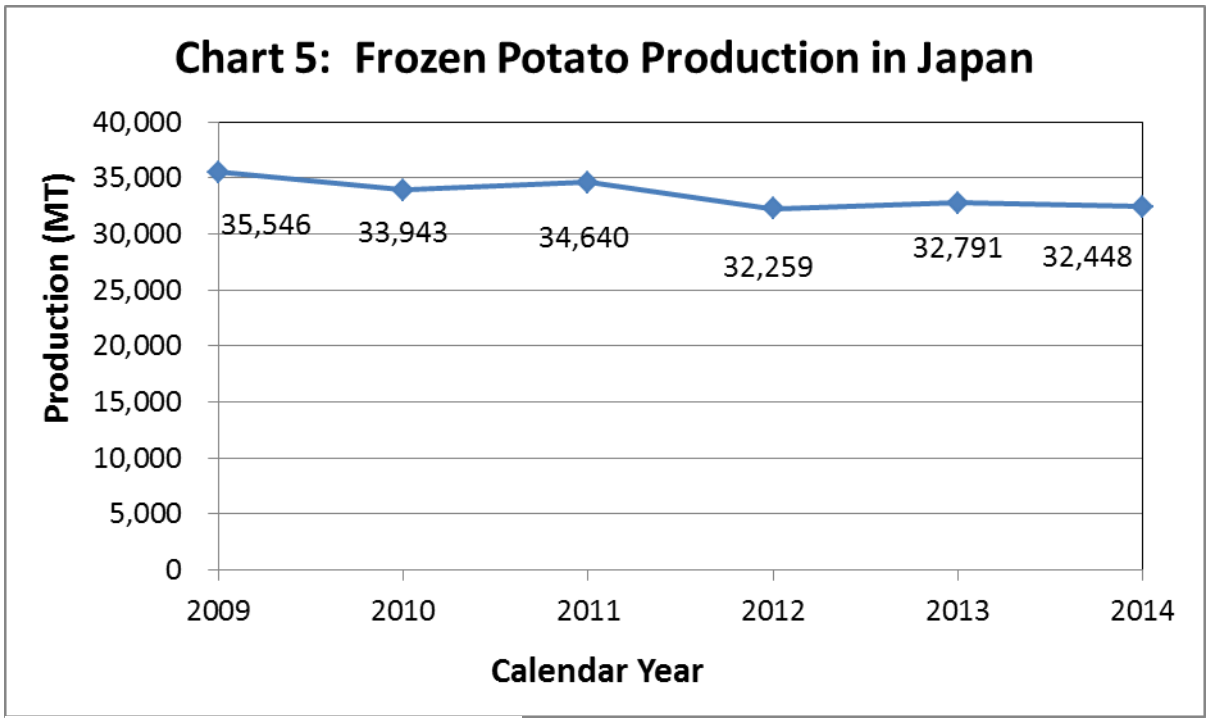
September	137	109
October	103	87
November	99	85
December	102	86
January	103	96
February	103	107
March	114	114
April	128	128
May	132	221
June	121	121

Source: MAFF

Frozen Potato Products

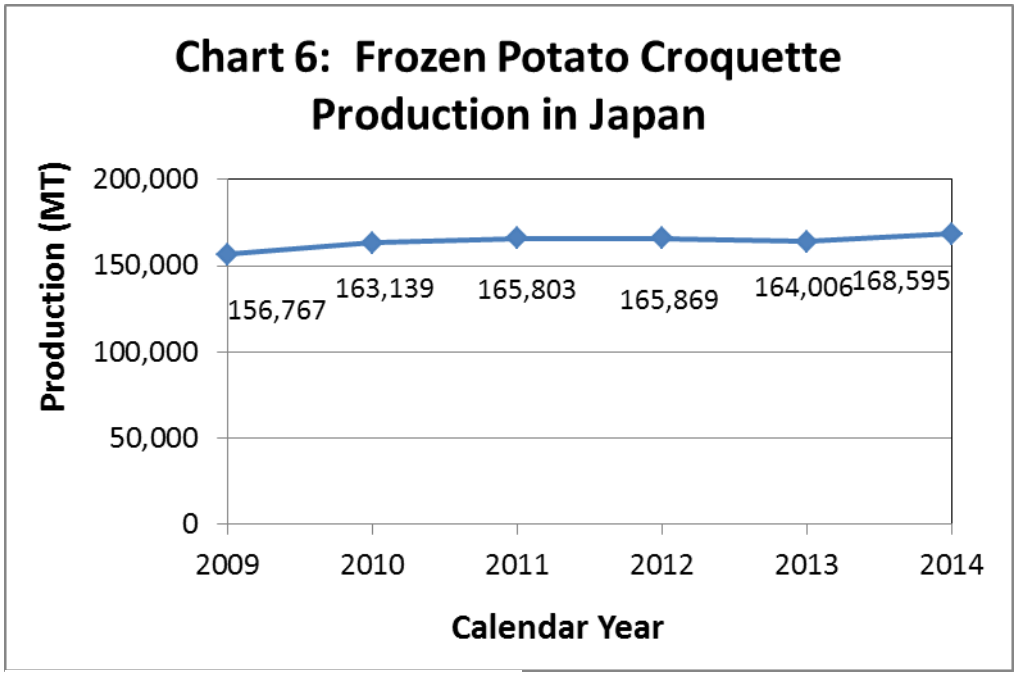
Production

Production of frozen potato products in Japan has been flat in recent years (Chart 6). Frozen potatoes are mainly utilized for frozen french fries and frozen dice cut potatoes, around 8,000 MT each, and together account for 50 percent of total frozen potato production. Although Post expects Japan's frozen potato product production to remain stable in the medium term, it is anticipated to decline in the long term as domestic potato production is expected to shrink due to the retiring of aged farmers.



Source: Japan Frozen Food Association

Among all frozen food products that Japanese food processors manufactured in 2014, potato croquettes (which use fresh, frozen, and dehydrated potatoes) ranked as the second largest product in volume after frozen Japanese Udon noodles. As shown in Chart 7, approximately 164,000 MT of potato croquettes are produced annually. It is expected that production of frozen potato croquettes will continue to be steady in years to come given their convenience.



Source: Japan Frozen Food Association

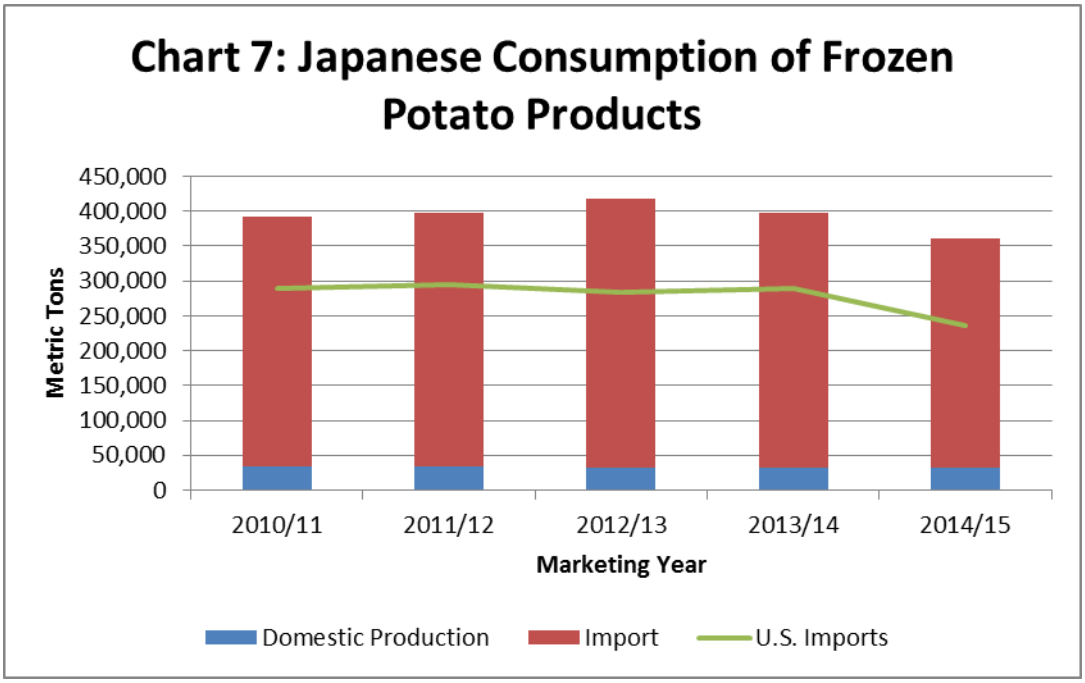
Consumption

Japanese consumption of frozen potato products has been flat in recent years. The majority of frozen potato products are consumed as french fries at fast food restaurants or quick serve restaurants (QSRs) - over 300,000 MT annually. Hamburger restaurant chains are by far the largest user of frozen french fries. The largest of these chains consumes almost half of total Japanese imports of frozen french fries by itself. The Japan Food Services Association's data shows sales at western style fast food restaurants dropped seven percent in 2014, possibly due to a series of high profile food related incidents. Japanese consumption of frozen potato products is closely tied to the performance of QSRs and may account for the decline in french fry consumption.

The sale of fried potatoes at convenience stores significantly contributes to overall Japanese demand for frozen potato products. According to the Japan Franchise Association, there are 51,814 convenience stores in Japan (as of December 2014), up five percent from the previous year. Many stores have installed full-size fryers and sell fried potatoes to consumers.

Compared to fried potato products, consumption of non-fried potatoes is still small. However, as Japan's population ages and the trend in health-conscious diets advances, the demand for non-fried products is expected to increase in the years to come.

Japan's consumption of frozen potato produce declined in MY2014/15 largely due to the U.S. and Canada port labor dispute, and reduced fast food consumption. Although the supply chain has been restored, consumer concerns regarding fast food may continue to pose a challenge to sales, including frozen potato products.



Source: The Japan Frozen Food Association
Note: Domestic Production is from calendar year data; Imports are from marketing year data.

Trade – Imports

In MY 2014/15, Japanese total imports of frozen potato products (including both french fries, HS 2004.10, and non-fried potatoes, HS 0710.10) decreased by 10 percent from the previous season to 328,803 MT. The total value of imports was approximately 417 million U.S. Dollars on a CIF basis. Approximately 94 percent of Japan's frozen potato product imports are french fries (HS 2004.10). In the fall of 2014, the labor dispute at West Coast ports slowed or delayed shipments to Japan. The disruption caused some importers to ship by air and source from Europe. Although the disruption concluded in February 2015, some importers continue to source from Europe, in part due to reliability concerns, and in part due to its price competitiveness over U.S. and Canadian products. For MY2015/16, despite the normalization of trade routes, Post anticipates that continued slow sales in the fast food sector will constrain the recovery of imports to 350,000 MT.

Table 7: Imports of Frozen Potato Products (french fries) – HS 2004.10 (Quantity)

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15
World	323,416	332,528	335,019	340,218	305,860
United States	263,197	275,148	269,438	273,988	221,941
Canada	32,454	31,958	34,379	32,148	31,837
Belgium	16,271	13,440	16,367	15,541	25,668
New Zealand	4,045	4,007	3,286	3,732	3,961

Germany	2,568	2,334	2,280	2,384	2,372
Netherlands	116	226	2,727	6,586	14,419
Others	4,767	5,414	6,541	5,838	5,663

MY: July-June
Source: Global Trade Atlas

Table 8: Imports of Frozen Potato Products (french fries) – HS 2004.10 (Value)

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15
World	402,314,341	445,435,578	449,674,104	443,673,602	389,307,975
United States	324,611,119	366,974,984	362,134,596	354,511,643	288,476,240
Canada	40,167,033	42,952,916	45,773,525	42,548,990	41,359,917
Belgium	20,163,728	17,120,807	19,435,622	19,998,162	27,961,740
New Zealand	4,813,460	5,213,620	4,250,988	4,788,458	5,026,465
Germany	3,238,390	2,978,686	2,910,448	3,510,672	2,970,056
Netherlands	126,119	257,867	2,809,717	7,480,334	13,836,137
Others	9,194,491	9,936,700	12,359,208	10,835,344	9,677,420

MY: July-June
Source: Global Trade Atlas

Table 9: Imports of Frozen Potato Products (non-fried potatoes) – HS 0710.10 (Quantity)

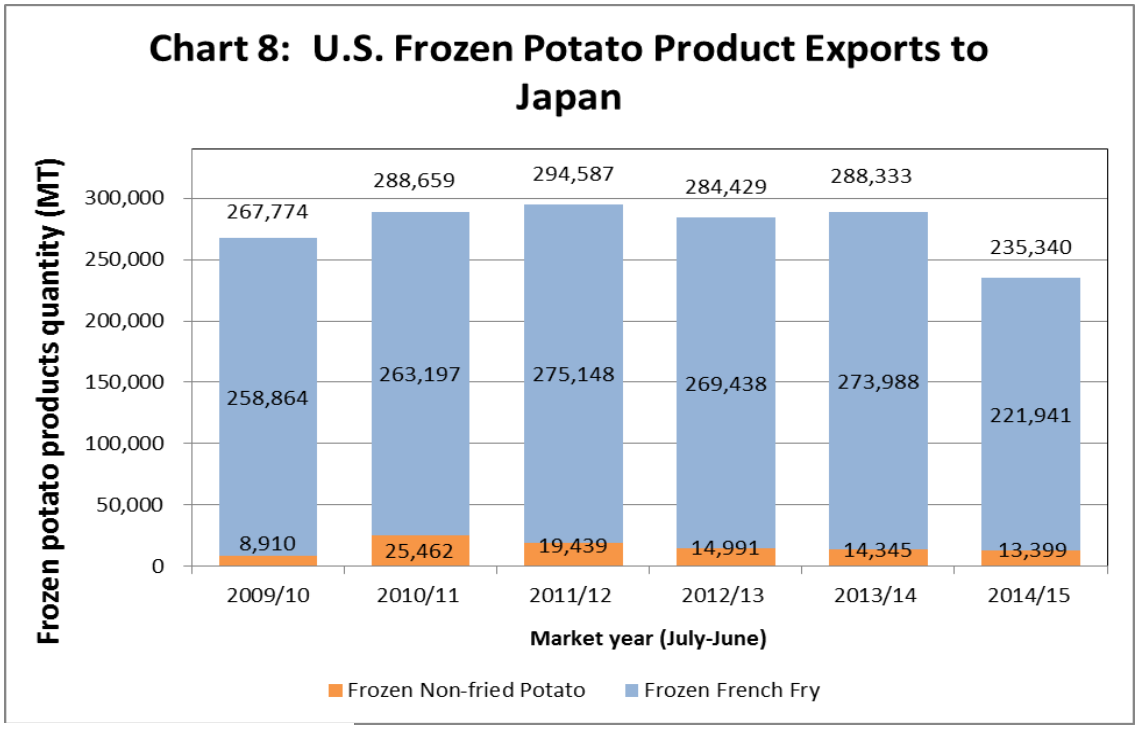
Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15
World	34,386	30,677	26,686	24,614	22,943
United States	25,462	19,439	14,991	14,345	13,399
China	8,232	10,404	11,261	9,918	9,156
Colombia	264	333	285	221	194
Belgium	0	0	47	36	108
Others	428	502	102	93	86

MY: July-June
Source: Global Trade Atlas

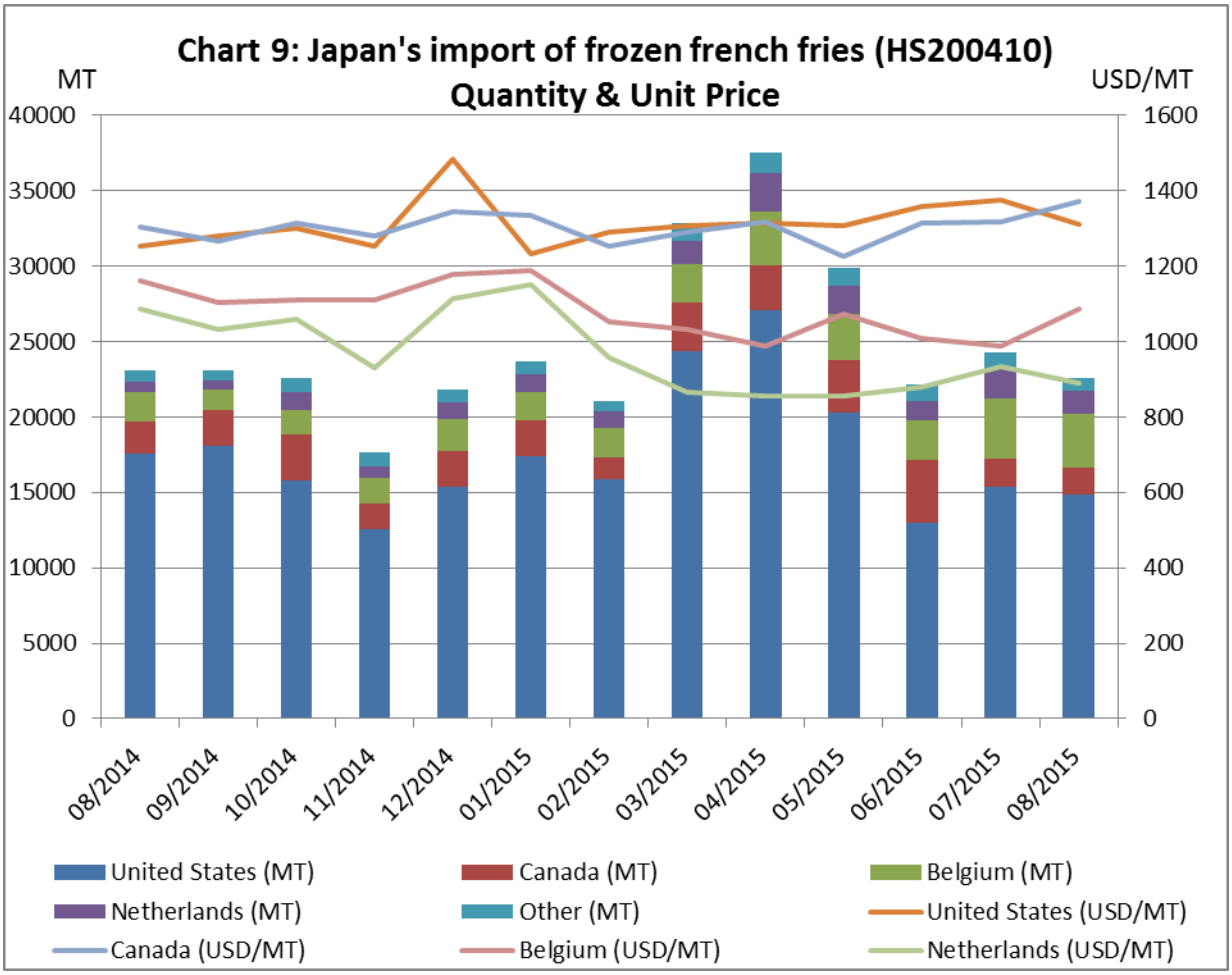
Table 10: Imports of Frozen Potato Products (non-fried potatoes) – HS 0710.10 (Value)

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15
World	40,132,737	37,531,502	32,967,873	30,434,793	27,256,571
United States	29,977,434	23,342,584	18,359,176	17,683,684	15,994,422
China	8,753,048	12,437,812	13,524,538	11,876,913	10,443,253
Colombia	817,196	1,044,624	891,581	704,238	606,933
Belgium	0	0	52,838	43,493	110,442
Others	585,060	706,480	139,738	126,465	101,522

MY: July-June
Source: Global Trade Atlas



Source: Global Trade Atlas



Source: Global Trade Atlas

Table 11: Japanese Frozen Potato Imports in Metric Tons

Japan Import Statistics														
Commodity: 200410, Potatoes, Including French Fries, Prepared Or Preserved Otherwise Than By Vinegar Or Acetic Acid, Frozen														
Quantity MT, Import market share														
	07/2014	08/2014	09/2014	10/2014	11/2014	12/2014	01/2015	02/2015	03/2015	04/2015	05/2015	06/2015	07/2015	08/2015
World	30478	23120	23109	22595	17647	21824	23643	21059	32837	37514	29898	22136	24244	22,574
United States	24531	17547	18111	15773	12600	15387	17420	15858	24339	27087	20282	13006	15345	14832
share	80.5%	75.9%	78.4%	69.8%	71.4%	70.5%	73.7%	75.3%	74.1%	72.2%	67.8%	58.8%	63.3%	65.7%
Canada	2437	2126	2382	3099	1678	2386	2346	1463	3278	2979	3524	4142	1875	1801
share	8.0%	9.2%	10.3%	13.7%	9.5%	10.9%	9.9%	6.9%	10.0%	7.9%	11.8%	18.7%	7.7%	8.0%
Belgium	1464	1982	1357	1562	1707	2067	1867	1956	2510	3574	3032	2589	4007	3581
share	4.8%	8.6%	5.9%	6.9%	9.7%	9.5%	7.9%	9.3%	7.6%	9.5%	10.1%	11.7%	16.5%	15.9%
Netherlands	593	656	549	1234	771	1091	1176	1107	1529	2562	1815	1336	2027	1539
share	1.9%	2.8%	2.4%	5.5%	4.4%	5.0%	5.0%	5.3%	4.7%	6.8%	6.1%	6.0%	8.4%	6.8%
Other	1453	809	710	927	891	893	834	675	1181	1312	1245	1063	990	821
share	4.8%	3.5%	3.1%	4.1%	5.0%	4.1%	3.5%	3.2%	3.6%	3.5%	4.2%	4.8%	4.1%	3.6%

Source: Global Trade Atlas

French fries

In MY2014/15, Japanese imports of frozen french fries (HS: 2004.10) were 305,860 MT (Table 7), a decrease of 11 percent from the previous season, and valued at approximately $389 million (Table 8) on a CIF basis.

In the frozen french fry category, the United States is the largest supplier to Japan, supplying approximately 73 percent of total french fry imports during the MY 2014/15 season (Table 7). However, the United States decreased its share from 81 percent the previous season due to the prolonged West Coast Port labor dispute. As described above, some of the importers shifted their sourcing to Europe, such as from Belgium and Netherlands, which increased by 65 and 219 percent, respectively, over MY2013/14.

Two major convenience stores (Lawson and Family Mart) have completely shifted their suppliers from the United States to Europe. The weak Japanese Yen compared to the U.S. dollar also contributed to the shift to Europe, as U.S. products became about 30 percent more expensive. An additional challenge is weak demand for french fries due to a prolonged slump in sales at major fast food chains, the leading retail channel for imported frozen french fries.

Non-fried potatoes

Japan's imports of non-fried potatoes are primarily for snack food manufacturing and general food processing. Imports grew dramatically in the last decade for two major reasons: 1) the introduction of popular items using U.S. products by major snack manufacturers; and 2) the expansion in the use of Chinese products by foodservice operators.

As stated above, Japan's imports of U.S. non-fried potato products are largely supported by Japanese snack food manufacturers who use them to develop new products. U.S. non-fried potato products are processed and frozen in U.S. plants. U.S. potatoes are usually blanched and cut into french fry potato shapes. Then Japanese manufacturers turn them into crispy chips resembling French fries. Other types of U.S. non-fried potato products are blanched and cut into cube shapes in U.S. plants, which the Japanese food service industry then utilizes to prepare various menu items.

Imports of non-fried potatoes correlate to domestic fresh potato production. Imports jumped in MY2010/11 in order to supply a shortage in the 2010 domestic harvest, but since the recovery in the domestic crop in MY 2011/12 and MY 2012/13, a major Japanese snack food manufacturer has increased its use of domestic potato products and reduced its volume of imports from the United States (Table 9). In MY 2014/15, imports of non-fried potato products continued to decline, with an overall decrease of 6.8 percent, with decreases in imports from China and the United States of 7.7 and 6.6 percent respectively. As stated earlier, Chinese products are primarily destined for the Japanese food service sector where they are mixed with other domestic ingredients. Japanese traders report that, while the unit price of Chinese potatoes has been slowly increasing, it is still cheaper to buy Chinese products compared to other competitors' products, and Chinese potato processors are reportedly fairly adept at meeting the specific needs of Japanese users. As a result, price-attractive Chinese potatoes continue to draw Japanese customers.

Trade – Exports

In MY 2014/15, Japan exported 194 MT of frozen potato products to Hong Kong, Taiwan, Singapore, the United States, and Canada for sale through local Japanese grocery stores.

Market Trends

Imports of french fries had grown year on year over the last decade to MY2013/14 supported by sales promotional campaigns at QSRs and family restaurants. However, imports decreased 10 percent in MY2014/15 due to slow sales at fast food chains, coupled with import disruption caused by the West coast port disputes. During the trade disruption, QSRs and family restaurants controlled supplies in order not to run out of products by stopping sales promotional campaigns and serving only small sized products. These activities discouraged consumption. Since normalization of the supply chain, although the consumption has yet to show any signs of recovery, QSRs and other restaurants have started sales promotional campaigns which may increase consumption of french fries. If these promotional activities are successful, imports of frozen french fries are expected to go up slightly in MY2015/16.

As described previously in the **Consumption** section, sales of french fry potatoes which are fried fresh and served at convenience stores, have been highly successful. Lawson and Family Mart changed from U.S. products to European products completely and started selling "European fried potatoes" since January and August 2015 respectively. "European fried potatoes" were introduced to the market as new products emphasizing the difference from U.S. potatoes. With the dominant market share, U.S. french fries had been the benchmark in Japan for a long time, but the introduction of European french fries in recent years has attracted consumers' interest and may help to restore the overall consumption of french fries in the coming years.

The U.S. potato industry has actively expanded its outreach activities to regain recognition as a reliable supplier following the West Coast port disruptions in 2014. It has held trade shows, hosted seminars and events to demonstrate other types of non-frozen U.S. potato products, such as baked, shredded, sliced, and dice-cut potatoes, in addition to highlighting the cost efficiency and nutritional values of using U.S. frozen potatoes. In addition, the U.S. potato industry has worked with local supermarket chains to successfully develop new deli menu items using U.S. non-fried frozen potatoes.

Japan's frozen potato product market has potential for growth if sales at western style fast food outlets rebound from the reductions of MY 2014/15. Given Japan's high quality and food safety standards, the United States remains the best positioned country to supply frozen potato products that meet the needs of Japanese food manufacturers and retailers. Targeting alternative segments in Japan's food service sector, such as supermarkets, traditional Japanese fast food restaurants, and QSRs holds promise for continued expansion of U.S. sales of frozen potato products in Japan.

Policy

Since the last Potato Annual report (October 2014), Post has observed no trade disruptions of U.S. frozen potato products.

Tariff

Japan: Import Duties 2015		
Tariff Code (HS)	Description	Duty Rate (%)*
0710.10-000	Frozen potatoes: Uncooked or cooked by steaming or boiling in water	8.5%
2004.10-100	Frozen potatoes: Cooked, not otherwise prepared (fried potatoes)	8.5%
2004.10-210	Frozen potatoes: Mashed potatoes	13.6%
2004.10-220	Frozen potatoes: Others	9.0%

Source: Customs Tariff Schedules of Japan 2015
** all duties are charged on a CIF basis*

APPENDIX 1

Fresh Potato Data:

Fresh Potatoes		Market Year	Market Year	Market Year
		Begin:	Begin:	Begin:
		13-Jul	14-Jul	12-Jul
		MY2013/14	**MY2014/15**	**MY2015/16**
Area Planted	**Total Area**	**79,700**	**79,300**	**78,000**

(Ha)	For Fresh Market	26,300	25,800	25,700
	For Processing	53,400	52,500	52,300
Area Harvested	**Total Area**	**79,700**	**78,300**	**78,000**
(Ha)	For Fresh Market	26,300	26,400	25,700
	For Processing	53,400	53,600	52,300
Production	**Total Production**	**2,412,000**	**2,456,000**	**2,432,000**
(MT)	For Fresh Market	796,000	810,000	802,600
	For Processing	1,616,000	1,646,000	1,629,400
Consumption	**Total Consumption**	**2,004,000**	**2,032,500**	**2,019,000**
(MT)	For Fresh Market	661,000	671,000	666,000
	For Processing	1,343,000	1,362,000	1,353,000

Source: MAFF
MY2015/16 data are forecast by Post.
Breakdown for fresh market and for processing is estimated by Post.

Frozen Potato Products Data:

Frozen Potato Products	Market Year	Market Year	Market Year
	Begin:	Begin:	Begin:
	13-Jul	14-Jul	12-Jul
	MY2013/14	**MY2014/15**	**MY2015/16**
Production	32,800	32,500	32,500
Imports	364,800	328,800	350,000
Total Supply	**397,600**	**361,300**	**382,500**
Exports	200	200	200
Domestic Consumption	397,500	361,100	382,300
Total Distribution	**397,600**	**361,300**	**382,500**

Source: Japan Customs and the Japan Frozen Food Association
Trade data are based on the total imports under HS 0710.10 and 2004.10.
MY2015/16 data are forecast by Post.

Trade Data of Other Potato Products

Tariff

Japan: Import Duties 2015		
Tariff Code (HS)	Description	Duty Rate (%)*
1105.10	Flour, meal and powder of potatoes	20.0%
1105.20	Flakes, granules and pellets of potatoes	20.0%
Source: Customs Tariff Schedules of Japan 2015		
** all duties are charged on a CIF basis*		

Trade Data

Table 12: Imports of Potato Flakes – HS 1105.20 (Quantity)

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY2014/15
World	17,063	18,681	17,667	15,981	16,953
United States	15,622	14,839	15,498	14,090	15,159
Germany	942	2,575	1,281	1,167	1,072
China	358	703	633	306	113
Netherlands	139	206	232	258	390
Other	3	359	23	160	219

MY: July-June
Source: Global Trade Atlas

Table13: Imports of Potato Flakes – HS 1105.20 (Value)

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY2014/15
World	26,359,223	31,227,500	29,049,303	24,903,601	24,456,660
United States	24,210,772	25,067,066	25,627,607	21,927,255	21,988,752
Germany	1,357,613	3,834,433	1,918,436	1,782,127	1,439,250
China	584,092	1,408,336	1,147,925	561,529	199,572
Netherlands	193,056	273,433	314,238	393,955	519,864
Other	13,689	644,233	41,098	238,736	309,222

MY: July-June
Source: Global Trade Atlas

Table 14: Imports of Potato Flour – HS 1105.10 (Quantity)

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY2014/15
World	4,382	6,711	4,613	4,258	4,256
United States	2,586	4,109	2,600	2,490	3,015
Germany	873	930	653	764	512
Netherlands	760	1,100	1,082	740	597
Poland	163	572	279	264	132

MY: July-June
Source: Global Trade Atlas

Table 15: Imports of Potato Flour – HS 1105.10 (Value)

Country	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY2014/15
World	6,916,129	10,604,862	7,018,908	6,332,173	5,838,799
United States	4,380,285	6,966,017	4,358,968	3,771,871	4,321,938
Germany	1,297,817	1,397,205	908,443	1,143,608	636,643
Netherlands	961,241	1,407,212	1,372,182	997,087	728,186
Poland	276,786	834,427	379,315	419,606	152,032

MY: July-June
Source: Global Trade Atlas

APPENDIX 2

Fresh Potato Equivalent of Imported Potato Products (MY2014/15) July-June

The numbers in the upper rows represent the actual imported volume. The lower rows represent the fresh potato equivalent volume for each potato product based on a conversion coefficient from the upper rows. In total, Japan imported 920,000 MT of potatoes on a fresh potato equivalent basis in MY2014/15, nearly one third of Japan's aggregate demand for potatoes.

Category		Product	Tariff	Import Volume (MT)							
(Coefficient)		Tariff Line	%	USA	Canada	Netherlands	Germany	Belgium	China	Other	Total
Frozen		Uncooked	8.5	13,399	10	0	0	108	9,156	270	22,943
		0710.10.000		29,478	22	0	0	238	20,143	594	50,475
		Frech Fries	8.5	162,176	22,923	11,465	2,363	19,690	433	7,472	226,522
		2004.10.100		356,787	50,431	25,223	5,199	43,318	953	16,438	498,348
		Mashed Potatoe	13.6	116	0	0	0	1,541	0	0	1,657
		2004.10.210		255	0	0	0	3,390	0	0	3,645
		Other	9.0	59,649	8,914	2,953	8	4,437	1,344	376	77,681
		2004.10.220		131,228	19,611	6,497	18	9,761	2,957	827	170,898
		Subtotal		235,340	31,847	14,418	2,371	25,776	10,933	8,118	328,803
(x2.2)		Fresh Potato Equivalent		517,748	70,063	31,720	5,216	56,707	24,053	17,860	723,367
Flake/Mashed		Potato Flour	20.0	3,015	0	597	512	0	0	132	4,256
		1105.10.000		18,090	0	3,582	3,072	0	0	792	25,536
		Potato Flakes	20.0	15,159	0	390	1,072	0	113	219	16,953
		1105.20.000		90,954	0	2,340	6,432	0	678	1,314	101,718
		Mashed Potatoe	13.6	202	0	0	32	0	0	83	317
		2005.20.100		1,212	0	0	192	0	0	498	1,902
		Subtotal		18,376	0	987	1,616	0	113	434	21,526
(x6.0)		Fresh Potato Equivalent		110,256	0	5,922	9,696	0	678	2,604	129,156
Fresh/Chilled		Seed Potatoes	3.0	0	0	0	0	0	0	0	0
		0701.10.000		0	0	0	0	0	0	0	0
		Other than Seed	4.3	22,741	0	0	0	0	32	0	22,773
		0701.90.000		22,741	0	0	0	0	32	0	22,773
		Subtotal		22,741	0	0	0	0	32	0	22,773
(x1.0)		Fresh Potato Equivalent		22,741	0	0	0	0	32	0	22,773
Other	Dried	Dehydrated	12.8	125	0	0	102	0	5	10	242
	(x6.0)	0712.90.050		750	0	0	612	0	30	60	1,452
	Processed	Hermetiacally pa	12.0	7	15	0	0	0	2,886	6	2,914
	(X1.0)	2005.20.210		7	15	0	0	0	2,886	6	2,914
	Processed	Sugar added	9.0	4,803	148	0	1	0	889	335	6,176
	(x3.9)	1905.90.314		18,732	577	0	4	0	3,467	1,307	24,086
	Processed	Not sugar added	9.0	248	157	0	3	0	0	4	412
	(x3.9)	1905.90.323		967	612	0	12	0	0	16	1,607
	Processed	Other	9.0	1,606	-	371	9	0	903	173	3,062
	(x3.9)	2005.20.220		6,263	-	1,447	35	0	3,522	675	11,942
		Subtotal		6,789	320	371	115	0	4,683	528	12,806
		Fresh Potato Equivalent		26,719	1,205	1,447	663	0	9,905	2,063	42,001
Grand Total				283,246	32,167	15,776	4,102	25,776	15,761	9,080	385,908
Fresh Potato Equivalent				677,464	71,268	39,089	15,575	56,707	34,667	22,526	917,297

Source: Global Trade Atlas and conversion factor is from MAFF