Japan Country Market Study

Directorate: International Trade

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Disclaimer

The Department of Agriculture, Forestry and Fisheries takes no responsibility for any action taken based on information from this study. This is a desktop study; own research must be undertaken before decisions are made.

OUTLINE

This country market study of Japan examines the trade flows between South Africa (SA) and Japan. The major objective of the study is to identify agricultural, forestry and fisheries (AFF) products that have the potential to be exported to Japan.

First the study gives a historical background about Japan, looks at some country facts, give an economic overview and look at the regional and international relations of Japan.
It examines the trade policy of Japan, looks at bilateral agreements between SA and Japan and at total trade between the two countries.

The study then focus on agricultural trade, trade barriers, as well as the trade related infrastructure; the most important import and export products and the trade balance.

An analysis is done to determine possible exports to Japan using the trade potential index.

Finally the study looks at some trade barriers and conclusion and some comments are made on the outcome.

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1. Introduction

Japan is one of the largest countries (by population) and a net importer of agricultural products. While self-sufficient in rice production, Japan imports about 60% of its food. It is also one of the leading countries in the world with high GDP per capita. These, among other factors make it one of South Africa's prospective markets for agricultural products. One of the major challenges is that, in addition to the agricultural industry being highly subsidised, it is also heavily protected with high import tariffs and usage of quotas.

The overall objective of this study is to provide an analysis of the market conditions in Japan. The study will analyse in particular the current trade as well as the potential trade opportunities between South Africa (SA) and Japan through the use of the trade potential index (TPI). Some of the measures or barriers that impede agricultural trade will be highlighted as well. The aim is to identify product areas to increase SA's AFF exports to Japan.

The information obtained from the study will be useful to the top management and specifically to the senior officials responsible for market access negotiations as well as the private sector (producers of agricultural products and traders) to have a better understanding of the opportunities and challenges in the Japanese market.

2. Country Facts[1]

Japan, whose capital city is Tokyo, is situated in the Eastern Asia island chain between the North Pacific Ocean and the Sea of Japan, has a total area of 377,915 km² and a population of 126,919,659 (July 2015 est.). The country's government is a parliamentary government with a constitutional monarchy.

Japan is the 62nd largest country in the world with a climate that varies from tropical in the south to cool temperature in the north. Because of its location on the edge of the Asian monsoon climate belt, Japan is a rainy country. The country's dual weather pattern is influenced by the Siberian weather system and the southern Pacific patterns.

Japan is a country which is scarce in many natural resources and has long been dependent on imported raw materials. Since the complete shutdown of Japan's nuclear reactors after the earthquake and tsunami disaster of 2011, Japan's industrial sector has become more dependent on imported fossil fuels than before. Japan's vastly industrialised economy, leads to air pollution, which in turn results in acid rain; acidification of lakes and reservoirs; degradation of water quality and a threat to aquatic life.

Japanese is the prominent and official language, followed by Ainu and Ryukyuan languages. The dominant religions in Japan are Shintoism 79.8%, Buddhism 66.8%, Christianity 1.5% and other by 7.1%. The majority of the people belong to both Shintoism and Buddhism. Japanese 98.5% ethnic group are the dominating group followed by a smaller Korean (0.5%), Chinese (0.4%) and other (0.6%) populations.

[1] Central intelligence Agency, World Fact Book (2016)

3. Historical Background[2]

In 1603, after decades of civil warfare, the Tokugawa Shogunate (a military-led, dynastic government) ushered in a long period of relative political stability and isolation from foreign influence. For more than two centuries this policy enabled Japan to enjoy the flowering of its indigenous culture. Japan opened its ports after signing the Treaty of Kanagawa with the US in 1854 and began to intensively modernize and industrialize. During the late 19th and early 20th centuries, Japan became a regional power that was able to defeat the forces of both China and Russia. It occupied Korea, Formosa (Taiwan), and southern Sakhalin Island. In 1931-32 Japan occupied Manchuria, and in 1937 it launched a full-scale invasion of China. Japan attacked US forces in 1941 - triggering America's entry into World War II - and soon occupied much of East and Southeast Asia. Following three decades of unprecedented growth, Japan's economy experienced a major slowdown starting in the 1990s, but the country remained an economic power. In March 2011, Japan's strongest-ever earthquake, and an accompanying tsunami, devastated the northeast part of Honshu island, killing thousands, and damaged several nuclear power plants. The catastrophe weakened the country's economy and its energy infrastructure, and tested its ability to deal with humanitarian disasters.

4. Economic Overview[3]

Table 1 below shows Japan's economic indicators and rankings in the World. Japan's GDP (PPP) ranked 5th in the world with US$ 4.83 trillion. The GDP percentage growth was 0.5% in 2015 and ranked 173 in world, while inflation rate was 2.7% and was number 173 in the world ranking list.

Table 1: Economic indicators of Japan

Indicator	Contribution	World Ranking
GDP (PPP) US$ - trillions	4.83	5
GDP Growth %	0.5	173
GDP per Capita US$	38,100	43
Inflation rate %	2.7	120
Unemployment rate %	3.3	30
Exports US$ - billions	624	5
Imports US$ - billions	625	5

Source: CIA-World Factbook, 2015

Table 2 below shows sector contribution to Japan's GDP and employment. Services sector is the largest contributor with 74.3% and 70.9% to GDP and employment respectively. The agriculture sector contributes 1.2% to GDP and 2.9% to employment.

[2] Central Intelligence Agency, World Fact Book (2016)
[3] Central intelligence Agency, World Fact Book (2016)

Table 2: Japan s' Sector Contribution to Employment and GDP

Sector	GDP (%)	Employment (%)
Agriculture	1.2	2.9
Industry	24.5	26.2
Services	74.3	70.9

5. Infrastructure[4]

- Energy Sector

Japan produced a total electricity of 936.2 billion kWh in 2012, rendering them 6th in the world electricity production. Japan's electricity is generated from fossil fuels, nuclear fuels, hydroelectric plants and other renewable sources.

- Telecommunications

Japan's telecommunications sector comprises of fixed telephones with 63.61 million subscriptions and mobile cellular phones with a total of 152.7 million in 2014. The telecommunications sector has a high level modern technology and excellent service both in the domestic and international arenas. There is also a mixture of public and commercial broadcast TV and radio stations; 6 national terrestrial TV networks including 1 public broadcaster; the large number of radio and TV stations available provides a wide range of choices; satellite and cable services provide access to international channels (2012).

- Transport

    - Air Transport

In 2013, Japan ranked 33rd in the World with 175 airports (142 with paved runways and 33 with unpaved runways). Japan has four international airports. They are Narita, Haneda (near Tokyo), Kansai (near Osaka) and Chubu (near Nagoya).These airports have the flights from many cities in the world.

    - Road Transport

Japan has a very extensive and modern road network. It consists of 1,152,207 kilometres (715,981 miles) of highways, of which 863,003 kilometres (536,270 miles) are paved. They include 6,114 kilometres (3,799 miles) of expressways.

    - Water Transport

There are 1770 km of waterways in Japan; seagoing craft ply all coastal inland seas

There are some 994 ports in Japan as of April 2014. There are overlapping classifications of these ports, some of which are multi-purpose, e.g. cargo, passenger, naval, and fishery. The 5 designated "super" container ports are: Yokkaichi, Yokohama, Nagoya, Kobe and Osaka. 23 are designated major/international, 125 designated as important, while there are also purely fisherman ports.

[4] Central intelligence Agency, World Fact Book (2016)

6. Risk Profile[5]

Japan is the industrialized world's most heavily indebted country, fiscally speaking, with a debt-to-GDP ratio of 230 percent. The budget deficit in 2017 is expected to widen with a high public debt to GDP ratio that will prevent an upgrade. The yen has been amongst the fastest appreciating currencies in 2016 and according to investors it has fulfilled its customary safe-haven role.

Projections are that the yen would remain relatively firm against the US dollar accumulating support from current-account surplus and market perceptions that it is undervalued.

Japan's political and economic situations are basically stable and efficient with a rating of A2[6] by "globalEDGE"[7].Japan is in a coalition government and it is holding onto its commanding position in the lower and upper houses of government. The coalition party enjoys a super-majority in the lower house and a simple majority in the upper house.

7. Bilateral, Regional & Multilateral

Japan acceded into the World Trade Organization (WTO) in 1 January 1995 and has been an active member that participates in most of the WTO's undertakings. Maintaining and strengthening the multilateral trading system under the WTO has been a main pillar of Japan's external economic policy. At the same time, Japan has also promoted its regional and bilateral trade policies as a means of complementing the multilateral trading system, particularly through Economic Partnership Agreements which include elements of Free Trade Agreements and institution-building.

Table 3: The data concerning the Economic Partnership Agreements

Country Entered into force	Date of the entry into force
Singapore (The Japan-Singapore Agreement for a New Age Economic Partnership)	30 November 2002
Mexico (The Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership)	1 April 2005

[5] The Economist Intelligence Unit 2016

[6] the risk ratings are from least risky (A+) to most risky (D-): PRS: https://www.prsgroup.com

[7] http://globaledge.msu.edu

Malaysia (The Agreement between the Government of Japan and the Government of Malaysia for an Economic Partnership)	13 July 2006
Chile (The Agreement between Japan and the Republic of Chile for a Strategic Economic Partnership)	3 September 2007
Thailand (The Agreement between Japan and the Kingdom of Thailand for an Economic Partnership)	1 November 2007
Indonesia (The Agreement between Japan and the Republic of Indonesia for an Economic Partnership)	1 July 2008
Brunei Darussalam (The Agreement between Japan and Brunei Darussalam for an Economic Partnership)	31 July 2008
ASEAN (The Agreement on Comprehensive Economic Partnership among Japan and Member States of the Association of Southeast Asian Nations)	1 December 2008 (Lao People's Democratic Republic, Myanmar, Singapore, Viet Nam) 1 January 2009 (Brunei) 1 February 2009 (Malaysia) 1 June 2009 (Thailand) 1 December 2009 (Cambodia) 1 July 2010 (The Philippines)
The Philippines (The Agreement between Japan and the Republic of the Philippines)	11 December 2008
Switzerland (The Agreement on Free Trade and Economic Partnership between Japan and the Swiss Confederation)	1 September 2009
Viet Nam (The Agreement between Japan and the Socialist Republic of Viet Nam for an Economic Partnership)	1 October 2009
India (Comprehensive Economic	1 August 2011

Partnership Agreement between Japan and the Republic of India)	
Peru (The Agreement between Japan and the Republic of Peru for an Economic Partnership)	1 March 2012
Signed	
Australia (The Agreement between Japan and Australia for an Economic Partnership)	Signed on 8 July 2014 (The negotiations commenced in April 2007)
Under negotiation	
The Republic of Korea	Under negotiation (The negotiations commenced in December 2003)
GCC (Gulf Cooperation Council)	Under negotiation (Formal negotiations commenced in September 2006)
Mongolia	Reached an agreement in principle in the negotiations of the Agreement in July 2014. (The negotiations commenced in June 2012)
Canada	Under negotiation (The negotiations commenced in November 2012)
Colombia	Under negotiation (The negotiations commenced in December 2012)
CJK (China, Japan and Republic of Korea)	Under negotiation (The negotiations commenced in March 2013)
RCEP (Regional Comprehensive Economic Partnership)	Under negotiation (The negotiations commenced in May 2013)
EU (European Union)	Under negotiation (The negotiations commenced in April 2013)
TPP (Trans-Pacific Partnership)	- signed on 4 February 2016 in Auckland, New Zealand, after seven years of negotiations.
Turkey	Under negotiation (The negotiations commenced in December 2014)

Source: Japan Trade Policy Review, 2013

8. Agriculture, Fisheries and Forestry Profile

8.1 Agricultural Production and Consumption

Table 4: Japan corn production and consumption (1000Million/Tones)

Market Year	Production	Domestic Consumption	Self sufficiency
2011	1	14950	0.006%
2012	1	14300	0.006%
2013	1	15000	0.006%
2014	1	14600	0.006%
2015	1	14600	0.006%

Source: Index mundi, 2015

Table 4 above shows Japan‘s production and domestic consumption of corn from the year 2011-2015. The table shows that on average, Japan’s Corn production was on average only 0.006% of the actual domestic consumption.

Table 5: Japan Grapefruit production and consumption (1000Million/Tones)

Market Year	Production	Domestic Consumption	Self Sufficiency
2011	0	149	0%
2012	0	134	0%
2013	0	111	0%
2014	0	100	0%
2015	0	90	0%

Source: IndexMundi.2015

Table 5 above shows Japan‘s production and domestic consumption of grapefruit from the year 2011-2015. The table shows that Japan is not self-sufficient in grapefruit production.

Table 6: Japan Orange’s production and consumption (1000Million/Tones)

Market Year	Production	Domestic Consumption	Self Sufficiency
2011	6	133	5%
2012	6	119	5%
2013	6	93	6%
2014	5	88	5%
2015	5	87	5%

Source: IndexMundi.2015

Table 6 above shows Japan s Oranges production and domestic consumption for the year 2011-2015. The table shows that on average Japan s production of Oranges is 5% of domestic consumption.

Table 7: Japan Lemons production and consumption (1000Million/Tones)

Market Year	Production	Domestic Consumption	Self Sufficiency
2011	8	60	13%
2012	9	57	16%
2013	10	58	17%
2014	10	58	17%
2015	10	57	17%

Source: IndexMundi.2015

Table 7 above shows Japan's lemons production and domestic consumption from the year 2011-2015. The table shows that on average Japan is 16% sufficient in producing Lemons.

Table 8: Japan Orange Juice production and consumption (1000Million/Tones)

Market Year	Production	Domestic Consumption	Self Sufficiency
2011	0	75550	**0%**
2012	0	70000	**0%**
2013	0	68000	**0%**
2014	0	67500	**0%**
2015	0	67000	**0%**

Source: IndexMundi.2015

Table 8 above shows Japan's Orange Juice production and domestic production for the year 2011-2015. The table shows that Japan is not self-sufficient in producing Orange Juice.

Table 9: Japan Poultry's production and consumption (1000Million/Tones)

Market Year	Production	Domestic Consumption	Self Sufficiency
2011	1252	2105	59%
2012	1326	2214	60%
2013	1337	2209	60%
2014	1365	2226	61%
2015	1390	2298	60%

Source: IndexMundi, 2015

Table 9 above shows Japan's Poultry production and domestic consumption for the year 2011-2015. The table shows that on average Japan produces 60% of the poultry's consumption.

8.2. Fisheries Production

Japan is one the world's top fish producers (the 6th on a global scale in 2012), with the fishing industry regarded as an important sector for providing a vital source of food protein and for maintaining local communities. Nevertheless, the sector has been on a decline for several decades. The total production of fisheries and aquaculture has decreased by more than half from the peaks of the mid-1980s, and the distant water fishing fleets, once operating around many of the world's productive fishing grounds, faced with increased costs, in particular from accessing foreign waters under the Exclusive Economic Zone regime.

Japan, which used to be the biggest fishing nation in the world, has become a major destination for seafood products, with its imports significantly increasing over the same time period. As a result, Japan's self-sufficiency rate for fishery products has declined from 113% in 1964 to 60% in 2010. A number of factors are identified as causes:

- the constant decrease of the number of fishery enterprises and employees, rising fuel-costs,
- insufficient conservation measures for some species in Japan's EEZ ,as well as
- Lack of international cooperation for controlling fish stocks, particularly migratory fish species.

The March 2011 catastrophic earthquake and tsunami and the Fukushima nuclear accident ravaged Japan's fisheries, destroying fishery and aquaculture facilities and fishing vessels on the Pacific coast, particularly in the prefectures Iwate, Miyagi and Fukushima. The subsequent Fukushima nuclear accident has caused concerns over the safety of fishery products, which further damaged the fishing sector and the economy of local communities. However, considerable efforts have been made for reconstruction of the various segments of the fishing industry devastated by the disaster (http://www.europarl.europa.eu/studies)

8.3. Forestry Production[8]

In 2011, the size of the domestic wood supply increased by 6.2%, reaching 19.37 million m^3 round wood equivalent (RW eq.), while that of imported wood increased by 2.6%, reaching 53.36 million m^3 (RW eq.). In 2011, Japan's wood demand increased by 4% from the previous year, reaching 72.73 million m^3 (RW eq.), due to the recent increase in new housing requirement. As a result the self-sufficiency rate for wood in 2011 was 26.6%, up 0.6% from 2010.

The volume of demand for lumber dropped to one third of the peak year in 1973, due to the long-term decline in the number of domestic housing starts. The volume of domestic wood used for plywood production has increased sharply since 2000, although wood demand for plywood production as a whole is on the decline. Wood demand for chip and pulp production is also on the decline due to a decrease in paper production.

9. AFF Trade & Tariff Policies[9]

Tariffs[10]

Japan charges a simple average MFN tariff of 14.3% on agriculture products and a simple average MFN tariff of 2.5% on non-agriculture products. Agricultural products with significantly higher applied tariffs are dairy products (76.3%), cereals and preparations (34.7%) and sugars and confectionery (19.7%).

[8] Ministry of Agriculture, Forestry and Fisheries, Japan
[9] Japan Trade Policy Review ;2013
[10] World Tariff Profiles 2015

- **Import Licensing**

Most goods do not require an import licence and can be imported freely. Japanese import licences are required for certain goods like hazardous materials, animals, plants, perishables, and in some cases articles of high value.

- **Customs Requirements and Documents**

A number of documents are required for customs clearance. These include an import licence for import quota items usually valid for four months from date of issue; and Import Declaration Form, normal shipping documents such as a commercial invoice, packing list and an original and signed bill of lading or an air waybill if shipped by air, a certificate of origin if the goods are entitled to favourable duty treatment, and any other documents necessary as proof of compliance with relevant Japanese laws and regulations, if applicable.

The commercial invoice should include names of shipper and consignee and detail of each commodity in the shipment. The packing list should include the contents of each container, its gross and net weights in metric measurements.

- **Standards**

Imported products are subject to product testing and cannot be sold in Japan without certification of compliance with prescribed standards, falling into two categories:

- Technical regulations (or mandatory standards) and
- Non-mandatory voluntary standards.

Compliance with regulations and standards is also governed by a certification system in which inspection results determine whether or not approval (certification/quality mark) is granted.

It is important that a Japanese agent or partner be fully aware of the wide variety of legislation that could affect the sale of the exported product in Japan.

The Japan Industrial Standards Committee (JISC) plays a central role in standards activities in Japan. The "voluntary" JIS mark, administered by the Ministry of Economy, Trade and Industry (METI), applies to nearly 600 different industrial products and consists of over 8,500 standards.

The Japan Agricultural Standards (JAS) mark is another "voluntary" but widely used product quality and labelling mark. JAS applies to beverages, processed foods, forest products, agricultural commodities, livestock products, oils and fats, products of the fishing industry, and processed goods made from agricultural, forestry, and fishing industry raw materials.

- **Non-tariff barriers (NTBs)**
- **Sanitary and phyto-sanitary measures**

Many food additives of worldwide common use, which are recognised as being safe by international food safety bodies such as the Joint FAO/WHO Expert Committee on Food Additives (JECFA), remain prohibited in Japan. This has been a long-standing trade barrier as EU exporters have not been able to export certain processed food to Japan or would need to modify the recipes accordingly. Japanese list of accepted food additives is not in line with the applicable international standards set up at the CODEX Alimentarius and does not accept additives recognized as safe by JECFA; the EC Scientific Committee on Food; or the European Food Safety Authority.

Japan has phytosanitary and sanitary rules that preclude imports of some important fresh vegetables (e.g., cucumbers) and make imports of other vegetables and fruits difficult and expensive. While some phytosanitary regulations protect Japan against diseases that are not present or under control in Japan, others have been challenged as unnecessary for plant health. For example, lettuce is fumigated whenever inspectors see an insect-whether or not the insect is a pest already endemic in Japan. Fumigation lowers the quality of the produce. Some phytosanitary and sanitary rules about horticultural-product imports (notably, apples) have been successfully challenged in the World Trade Organization Dispute Settlement system (see Issues and Analysis).

- **Trade Barriers**

Japan's Trade Barriers[11]

Japan's agriculture is heavily protected. Producer support estimates (PSEs), calculated by the Organisation for Economic Co-operation and Development (OECD), show that over 45 percent of the value of Japan's farm production have trade barriers and domestic subsidies.

The degree of protection varies widely across commodities and industries between those that are heavily protected and those that are not heavily protected.

Most of Japan's agriculture is inefficient and uncompetitive, leading to it being afforded shelters behind very high barriers and subsidies.

Japan uses tariff-rate quotas (TRQs) to protect its most sensitive commodities, such as rice and dairy products. The quota is a fixed volume of import products. Imports brought in within the quota pay a lower tariff, while imports outside the quota face much higher tariffs that effectually prohibit trade. Japan's government gains even more control by reserving the right to trade within most major quotas to one of two state-trading enterprises. The Food Department of the Ministry of Agriculture, Forestry, and Fisheries has the exclusive right to import rice, wheat, and barley within those TRQs and the Agriculture and Livestock Industries Corporation (ALIC) has exclusive importing rights to two of the biggest dairy TRQs. The government, through the state-trading enterprises, decides how much to import, when to import, and at what price to resell the imports into Japan's market.

[11] **United States Department of Agriculture Economic Research Service**

10. Japan s' Agriculture, Forestry and Fisheries Trade with the world

Table 10 below shows Japan's average top 10 AFF imports from the world during the years 2011-2015. These top 10 products constituted on average 34% of Japan's average total AFF imports from the world. Meat of swine had an average percentage share of 4.5% followed by maize and cigars with average percentage shares of 4.5% and 4.3% respectively.

Table 10: Japan's average Top Ten AFF Imports from the world (2011-2015) (R Million)

HS-Code	Product label	2011	2012	2013	2014	2015	Average	Average % share
	Total AFF products	756.0	855.2	928.5	1008.6	1057.9	921.2	
'0201	Meat of swine	37.6	41.9	38.4	46.7	44.6	41.8	4.5
'0203	Maize or corn	38.5	41.9	45.6	41.8	41.1	41.8	4.5
'0204	Cigars, cheroots, cigarillos and cigarettes	41.5	43.9	39.4	36.4	39.0	40.1	4.3
'0210	Frozen fish	30.6	34.5	30.4	36.2	37.5	33.8	3.7
'0401	Fish fillets	22.2	27.2	26.6	31.9	35.7	28.7	3.1
'0508	Prepared or preserved meat, offal or blood	20.5	25.6	28.4	30.6	33.3	27.7	3.0
'0601	Crustaceans	22.4	25.1	27.1	29.7	28.4	26.5	2.9
'0701	Wood sawn or chipped	19.6	20.7	29.8	27.5	26.5	24.8	2.7
'0709	Fuel wood	19.3	20.9	21.7	24.9	28.8	23.1	2.5
'0711	Wheat and meslin	19.5	17.6	21.9	21.3	21.0	20.3	2.2

Source: Trade Map

Table 11 below show Japan's average top 10 AFF exports to the world for the year 2011-2015. These products include recovered paper with an average percentage share of 8.4% followed by acrylic alcohols at 7.7% and paper at 7.7%. Japan's top ten AFF exports to the World contributed on average 50.4% of total Japan average AFF exports to the World.

Table 11: Japan's average top 10 AFF Exports to the world (2011-2015) (R Million)

Product code	Product label	2011	2012	2013	2014	2015	Average	Average %share
	Total AFF Products	82.1	85.0	98.4	109.3	129.1	100.8	
'0201	Recovered paper	7.3	7.8	8.7	9.0	9.5	8.4	8.4
'0203	Acyclic alcohols	6.2	6.6	8.6	8.4	8.9	7.8	7.7
'0204	Paper	6.9	7.3	7.3	8.1	9.1	7.7	7.7
'0210	Frozen fish	3.4	4.0	5.3	5.3	5.7	4.7	4.7
'0401	Molluscs	2.9	2.8	4.7	5.2	6.9	4.5	4.5
'0508	Crustaceans, molluscs	3.7	3.8	4.5	4.5	5.1	4.3	4.3
'0601	Paper, coated	3.3	3.1	4.0	4.3	5.5	4.0	4.0
'0701	Food preparations	2.7	3.0	3.2	3.7	5.3	3.6	3.6
'0709	Sauce and preparations	2.3	2.6	2.8	3.1	3.7	2.9	2.9
'0711	Uncoated kraft paper	2.2	2.4	2.8	3.1	3.5	2.8	2.8

Source: Trade Map

11. SA-Japan Trade

During 2015, Japan ranked 58th in the World as SA's AFF products supplier with a share of 0.18%. Table 12 below shows that on average SA's top ten AFF imports from Japan contributed 70% to SA's average total AFF imports from Japan. Paper, transfer papers, printed books and fish were the leading SA AFF products from Japan contributing 21%, 20%, 10% and 8%, to the total SA AFF imports from Japan, respectively.

Table 12: SA top ten AFF imports from Japan (2011-2015) (R Million)

Hs-Code	Description	2011	2012	2013	2014	2015	Average	Average % share
AFF		115.4	136.2	146.3	171.5	158.4	145.6	
481190	Paper, Paperboard	32.8	33.7	34.9	30.8	23.1	31.1	21.3
481690	Transfer Papers	22.0	32.7	27.1	28.2	33.9	28.8	19.8
490199	Printed Books	5.0	5.5	21.6	28.6	14.2	15.0	10.3
030389	Fish	0.0	8.2	11.9	16.5	19.3	11.2	7.7
120991	Vegetable Seeds For Sowing	4.4	2.3	4.0	5.7	2.8	3.8	2.6
210310	Soy Sauce	1.4	9.1	2.0	2.8	3.5	3.8	2.6
481141	Gummed/Adhesive Paper & Paperboard	5.2	3.1	1.6	3.0	0.3	2.6	1.8
210390	Sauces	0.9	1.3	1.7	3.0	4.2	2.2	1.5
480990	Copying/Transfer Paper	1.6	2.6	1.3	2.7	1.7	2.0	1.4
480421	Sack Kraft Paper	0.0	0.0	0.4	2.0	6.9	1.9	1.3

Source: Global Trade Atlas

During 2015, SA ranked 13th in the World as Japan's AFF products supplier with a share of 3.65%. Table 13 below shows that the SA's top ten AFF exports to Japan contributed 77% to SA's average total AFF exports to Japan. SA's top ten AFF products to Japan are dominated by wood in chips with a share of 40%, followed by corn with 13%, of total SA AFF exports to Japan, respectively.

Table 13: SA top ten AFF exports to Japan 2011-2015 (Rand Million)

Hs-Code	Description	2011	2012	2013	2014	2015	Average	Average %share
AFF		3051.4	2923.2	5049.1	4079.0	3938.4	3808.2	
440122	Wood In Chips	1476.7	1277.8	1390.3	1523.8	2019.6	1537.6	40.4
100590	Corn (Maize)	116.4	0.0	1927.3	474.9	1.6	504.0	13.2
080540	Grapefruit	235.0	229.1	281.7	245.7	284.9	255.3	6.7
230120	Flour Meal & Pellet Of Fish	85.0	115.2	68.5	135.8	214.7	123.8	3.3
170114	Cane Sugar	0.0	0.0	231.4	358.6	0.0	118.0	3.1
470200	Chemical Woodpulp	105.5	87.2	110.7	104.3	141.9	109.9	2.9
220421	Wine	46.7	89.3	104.9	116.2	122.5	95.9	2.5
200870	Peaches	72.2	93.2	93.0	102.1	91.4	90.4	2.4
200929	Grapefruit Juice	50.6	64.3	21.7	70.4	59.0	53.2	1.4
121299	Vegetable Products	22.2	26.7	46.8	71.1	97.5	52.9	1.4

Source: Global Trade Atlas

Table 14 below shows SA-Japan's AFF trade balance from the year 2011 to 2015. The table shows that SA had a positive but fluctuating AFF trade balance with Japan during the period with 2013 being the highest at R4.9 Billion.

Table 14: SA-Japan Agriculture, Forestry and Fisheries trade balance, 2011-2015 (R Million)

Year	2011	2012	2013	2014	2015
Exports	3051.4	2923.2	5049.1	4079.0	3938.4
Imports	115.4	136.2	146.3	171.5	158.4
Total Trade Balance	2936.0	2787.0	4902.8	3907.5	3780.0

Source: Global Trade Atlas

12. Trade Potential Index

The TPI is a trade map tool using a scoring system that allows the analysis to focus on trade potential using import demand, import trends, growth rates and unit values. A score of either 1 or 0 is assigned to five of the trade indicators contained in the database. An aggregated score of 0 would therefore represent the lowest end of the scale and the least trade potential whilst a score of 5 would indicate the greatest trade potential. For detailed explanation of TPI see Annexure 2. Table 15 below shows products with the highest trade potential in Japan. Though the optimum and most desirable TPI score is 5, SA's highest TPI score in Japan is 4 as depicted in the table.

Table 15: SA Agricultural products with potential for export to Japan R Million

HS Code	Product Description	Total TPI Score	Did Japan import from SA	Is the export by SA to Japan growing	Is SA exports to the world growing	Is Japan imports from the world growing	Is the avg.indicative potential trade larger than 10000
200990	Mixtures of juices	5	1	1	1	1	1
'100590	Maize (corn)	4	1	1	1	0	1
030799	Molluscus	5	1	1	1	1	1
'080620	Grapes	5	1	1	1	1	1
'090411	Pepper	5	1	1	1	1	1
'220429	Grape wines	5	1	1	1	1	1
'470200	Chemical wood pulp, dissolving grades	5	1	1	1	1	1
'330119	Essential oils of citrus fruits	5	1	1	1	1	1
210390	Sauces and preparations	5	1	1	1	1	1
'121299	Vegetable products used primarily for human consumption	5	1	1	1	1	1
'080260	Macadamia nuts	4	1	1	1	1	1

Source: Trademap

13. Conclusion

South Africa falls under the Japan's Generalised System of Preference and it is through this scheme that SA can intensify exports of agriculture products to the country.

Though Japan is a net food import, which imports 60% of its food and is a member of the World Trade Organisation, only about 4.65% emanates from SA. Japan's tariffs and protectionary policies for agriculture could be a barrier to most products from SA.

According to the production and consumption data, Japan is not self-sufficient in the production of corn, grapefruit, oranges, lemons and orange juice, which are SA's top production and export products. There is a significantly low export of these products to Japan from SA, also because of steep Japanese tariffs and stringent agricultural trade policies, including SPS.

The Trade Potential Index table shows that there are several products that have a potential to increase trade between Japan and SA. These are the products that have a total TPI score of 5 and 4. These products are mixtures of juices, molluscs, grapes, pepper, grape wines, macadamia nuts, corn, essential oils of citrus fruits, sauces and preparations, vegetable

products used primarily for human consumption and chemical wood pulp. Some of the products mentioned above are the products that SA exports on a large scale and are also identified as products that are of strategic importance in the department's Agricultural Policy Action Plan (APAP).

Based on the points highlighted above, SA has the potential to increase trade with Japan and could benefit more in the Japanese market if Japan's stringent market and trade barriers conditions trade could be modified and/or transformed.

ANNEXURE

Trade Potential Index

TOTAL	All products	**Total Indicative Trade Potential**	**Did Japan import from SA**	**Is the export by SA to Japan growing**	**Is SA exports to the world growing**	**Is Japan imports from the world growing**	**Is the avg.indicative potential trade larger than 10000**
'440122	Wood in chips	2	1	0	0	0	1
'100590	Maize (corn)	4	1	1	1	0	1
'170111	Raw sugar, cane	3	1	0	1	0	1
'080540	Grapefruit	2	1	0	0	0	1
'230120	Flour, meal &pellet	2	1	0	0	0	1
'220421	Grape wines	4	1	1	0	1	1
'470200	Chemical wood pulp	5	1	1	1	1	1
'200870	Peaches	3	1	0	0	1	1
'200929	Grapefruit juice	3	1	0	0	1	1
'121299	Vegetable products	5	1	1	1	1	1
'120220	Ground-nuts	3	1	0	0	1	1
'200892	Fruit mixtures	3	1	0	0	1	1
'030621	Rock lobster	4	1	1	1	0	1
'200979	Apple juice	3	1	0	0	1	1
'200840	Pears	3	1	0	0	1	1
'030234	bigeye tunas	3	1	1	1	0	0
'030799	Molluscs	5	1	1	1	1	1
'080260	Macadamia nuts	4	1	0	1	1	1
'080510	Oranges	2	1	0	0	0	1
'030611	Rock lobster & sea crawfish	3	1	0	1	0	1
'060319	Fresh cut flowers and buds	3	1	1	1	0	0
'200990	Mixtures of juices	5	1	1	1	1	1
'410320	Reptile skins	4	1	1	1	1	0
'081190	Fruits & edible nuts	2	1	0	0	1	0
'220429	Grape wines	5	1	1	1	1	1
'200969	Grape juice	3	1	0	0	1	1
'080290	Nuts	2	1	0	0	1	0
'220410	Grape wines, sparkling	4	1	1	0	1	1
'120991	Seeds, vegetable	4	1	0	1	1	1
'150420	Fish fats &oils	4	1	1	1	1	0

TOTAL	All products	Total Indicative Trade Potential	Did Japan import from SA	Is the export by SA to Japan growing	Is SA exports to the world growing	Is Japan imports from the world growing	Is the avg.indicative potential trade larger than 10000
'220710	Undenatured ethyl alcohol	3	1	0	0	1	1
'090411	Pepper	5	1	1	1	1	1
'200799	Jams	4	1	1	1	0	1
'200850	Apricots	2	1	0	0	1	0
'200980	Fruit vegetable juice	3	1	0	0	1	1
'120999	Seeds, fruit and spores for sowing,	4	1	1	1	0	1
'080620	Grapes	5	1	1	1	1	1
'110313	Maize (corn) groats and meal	2	1	0	1	0	0
'200600	Fruit ,nut ,fruit-peel	3	1	1	0	1	0
'210690	Food preparations	4	1	0	1	1	1
'081310	Apricots, dried	4	1	1	1	1	0
'040410	Whey	2	1	0	0	1	0
'200939	Single citrus fruit juice	3	1	0	0	1	1
'030232	Tunas	3	1	1	1	0	0
'330119	Essential oils of citrus fruits	5	1	1	1	1	1
'080550	Fresh or dried lemons	4	1	0	1	1	1
'220890	Undenatured ethyl alcohol	4	1	1	1	0	1
'200830	Citrus fruits	1	1	0	0	0	0
'200899	Fruits & other edible pts of plants	4	1	1	0	1	1
'190420	Prepared foods of unroasted cereal flakes	3	1	0	1	1	0
'030429	Frozen fish fillets	4	1	0	1	1	1
'030791	Molluscs	2	1	0	0	0	1
'081290	Fruits &nuts	3	1	1	1	0	0
'081330	Apples, dried	4	1	1	1	1	0
'130219	Vegetable saps and extracts	3	1	0	1	1	0
'330113	Essential oils of lemon	1	1	0	0	0	0
'200961	Grape juice	3	1	1	1	0	0

'121220	Seaweeds and other algae	3	1	1	0	1	0
'121190	Plants &parts of plants	3	1	1	0	1	0
'030613	Shrimps and prawns	3	1	0	1	1	0
'081400	Peel of citrus fruit/melons	2	1	0	0	1	0
'060314	Fresh cut chrysanthemums and buds, of a kind suitable for bouquets	4	1	1	1	1	0
'220600	Fermented beverages	3	1	1	0	0	1
'030379	Fish	3	1	0	1	0	1
'110412	Oats, rolled or flaked grains	2	1	0	0	1	0
'010619	Live mammals	3	1	1	1	0	0
'481910	Cartons, boxes and cases, of corrugated paper or paperboard	4	1	1	0	1	1
'210390	Sauces and preparations	5	1	1	1	1	1
'210390	Sauces and preparations	5	1	1	1	1	1
'030749	Cuttle fish and squid,	2	1	0	0	0	1
'200941	Pineapple juice	4	1	1	1	1	0
'200599	Vegetables and mixtures of vegetables,	4	1	1	1	1	0
'060390	Cut flowers &flower buds for bouquets or ornamental purposes,	1	1	0	0	0	0
'220870	Liqueurs and cordials	5	1	1	1	1	1
'240220	Cigarettes (tobacco)	2	1	0	0	0	1
'200912	Orange juice	3	1	1	1	0	0
'200921	Grapefruit juice	3	1	1	1	0	0
'030559	Fish	2	1	0	0	1	0
'030235	Fresh or chilled bluefin tunas	1	1	0	0	0	0
'050590	Feathers down	2	1	0	0	1	0
'120929	Seeds of forage plants	3	1	1	0	1	0
'030342	Tunas	2	1	0	1	0	0
'090220	Green tea	4	1	1	1	1	0
'091099	Spices	5	1	1	1	1	1
'060311	Fresh cut roses and buds,	1	1	0	0	0	0
'091091	Mixtures of of the prods	3	1	0	1	1	0
'200911	Orange juice, unfermented	4	1	0	1	1	1
'330112	Essential oils of orange	2	1	0	1	0	0
'350110	Casein	3	1	0	1	1	0
'210220	Yeasts	2	1	0	1	0	0
'200919	Orange juice	3	1	0	1	0	1

	unfermented not spirited, whether or not sugared or sweet						
'160530	Lobster, prepared or preserved	3	1	0	1	1	0
'071220	Onions dried but not further prepared	2	1	0	0	1	0

Source: TradeMap