

Grains

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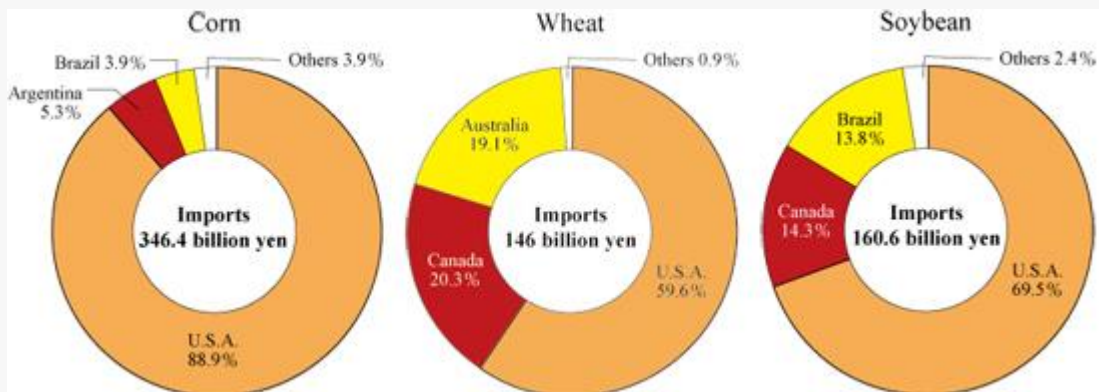
INTRODUCTION / CEREAL

Introduction



First, let's take a look at the percentage of major importing countries/regions of grains in Japan. In 2010, the import amount of corn was 346.4 billion yen, which was 0.7% decrease in quantity compared to the previous year, and 1.5% decrease in value. Soybean imports were 160.6 billion yen with a year-on-year increase of 1.9% in quantity and 1.7%

decrease in value. The quantity and value of wheat rose 16.4% and 8.1% respectively, and the imports increased marking 146 billion yen.



Sources: "2010 Import/Export Overview of Agricultural and Marine Products" compiled by Ministry of Agriculture, Forestry, and Fisheries of Japan

Last year, the Japanese government announced their consideration in joining TPP (Trans Pacific Partnership) Agreement, though it has been postponed to this November to resume talks due to the Great East Japan Earthquake on March 11. Japan, in any way, decided to move toward the direction of trade liberations including the economic cooperation with EPA and FTA. It is predicted that there would be change in the grain industry due to the abolition of tariffs and trade liberation. To put it differently, Japan's trade liberation is a new, great business opportunity for foreign export companies.

Kitokushinryo is one of the companies that thinks positively about the effects of trade liberalization in Japan. The president of Kitokushinryo, Atsushi Hirayama stated in one of the interviews from a trade paper that "for instance, both vegetables and fruits are being sold at grocery stores with the producer's names, and next to that, there are products made in foreign countries. The consumers are the ones to choose which products they want to buy, and some wants to buy domestic products where others want foreign products." Hirayama's company imports rice from overseas, and "wants to expand the sales of Jasmine Rice from Thailand. We have been selling most of the Jasmine Rice to ethnic restaurants, but we want the Japanese ordinary homes to understand that curry needs Jasmine Rice."

Cereal



vitamins, and minerals.

According to Japanese Snack Cereal Foods Association, the production quantity in 2010 of cornflakes dropped 3.6% from the previous year, while granola and bran made an increase of 14.1% and 2.5% respectively in quantity and value for 3 years in a row. There is a strong demand in those two healthy products that are rich in dietary fiber,

The bigger packages of cornflakes, which are popular amongst children, are making a growth. The trend of 2011 is quite similar, as greater quantity in each package leads to larger sales. Since cereal can be preserved for a long period of time, and be eaten without electricity, gas, and water, it was a great emergency product after the 3.11 earthquake.

According to the customs statistics, the import quantity of breakfast cereal was 2,705 tons in 2010, which decreased 15% from 2009. The prolonged economic recession has affected these numbers, but agencies importing major cereal brands increased their sales after getting fixed customers and a wider level of familiarity. Since the earthquake, biscuit type energy bars have been discovered new merits as an "easy to eat stored food." For even further growth, it is important to make a product that is able to be eaten in one

bite, and to differentiate each ingredient such as dietary fiber.

Looking at each imported goods, "Familia" from Switzerland, "Bran Flakes" from England, and "Crunchnola" from Canada are becoming well known. The dietary fibers contained in bran are becoming popular amongst women. The demand for sampling in stores is rising since it could be "eaten as a snack." English company, Alara's mueslis are quite popular, and their top 3 products are "Deluxe Muesli", "Crunch Bran Muesli", and "Crunch Fruits & Nuts Muesli." The price is 1,000 yen for 800g. A Japanese import agency comments, "We repack products imported in bulks. We could check the products this way, and we could emphasize its safety." They are considering to sell in smaller proportions, and for people who have not been eating cereal, they are posting recipes on their website of pizzas and bread using mueslis, suggesting new ways to eat them.

It is estimated that the demand for cereal will increase as an easy and healthy product. Soon, the domestically produced cereal would not be enough to meet the needs of consumers, and we would be more dependant on foreign brands that has a wider variety.