

Pavilion Organizer - BELGIUM(FLANDERS)**AN INTERVIEW WITH MR. DIRK DE RUYVER JAPAN
REPRESENTATIVE, FLANDERS INVESTMENT AND TRADE**

With the Japanese market, once foreign companies have the knowledge on how to build relationships and how to provide the right products for the market, they will have fewer competitors and longer lasting business relationships. —**Dirk De Ruyver**

**Q: What is the role of Flanders Investment & Trade (FIT)?**

Foreign trade and investment promotion in Belgium is conducted on the regional level and the country is divided into three regions: Brussels-Capital Region, Flanders, and Wallonia. To promote business with Flanders, FIT has offices across the world.

There are mainly two roles of FIT. First, we give advice to Japanese companies that are interested in doing business in Europe. We answer all kinds of questions from Japanese companies that are considering to enter Flanders and supply them with information on how they could do that. Our second role is to help Flemish companies to enter the Japanese market. Flemish companies ask us about the overview and characteristics of the Japanese market, what kind of products sell well, and if they can have a buyers list for supermarkets and department stores. We believe it is important for the market development of the Flemish companies to actually see Japan. In order to do this, we also help the companies participate in exhibitions. Since small and medium-sized enterprises are a majority of the Flemish companies, it is difficult for themselves to maintain a booth that requires high costs. For that

reason, FIT will organize a booth at major trade fairs, inviting Flemish companies to participate in that booth at a relatively low cost. Foodex in Japan is such an example.

Q: Since you just mentioned about exhibitions, can you expand a little bit more on that? What kind of exhibitions do you participate in?

Flemish companies actively participate in ISM, the largest confectionary exhibition in Germany, and European food exhibitions like ANUGA and SIAL. So we ask the Japanese companies, "Are you attending these exhibitions?" We let the Flemish companies know that there are many Japanese buyers visiting these exhibitions in Europe. Then, we inform the Flemish companies about Foodex held in Japan and have them participate in our booth. Put short, we are able to make a connection from the European trade shows to Japanese exhibitions.

Q: What are your relationships with Foodex and how do you utilize it?

The activities of FIT in Japan are focusing on 5 sectors. Out of those sectors, food is a very important one. For promotion, we participate in exhibitions and seminars including Foodex. We have been participating in Foodex from about 20 years ago. Flemish companies look for distributors in Japan. There are some companies that make direct deals with retailers in Japan, but basically, most companies attend Foodex in order to find a partner to conduct business for them in Japan.



The purpose of companies that attend the exhibition for the first time is to introduce products that are new in Japan and to look for a partner. Companies that have already entered the Japanese market participate for further promotion instead of looking for a distributor.

Among companies handling beer, cookies, or chocolate, most aim to get their products known to an even wider range of customers, while newcomers will be looking for Japanese partners. For those Flemish companies looking for distributors, we introduce Japanese companies that may become their partners and make arrangements for B2B meetings. Also, companies that are thinking of entering can hear the experiences of Flemish companies that have already entered, and this becomes a big plus for them.

Import Value of Chocolates by Country (2010-2012)

Country/Year	2010		2011		2012	
	Value	%	Value	%	Value	%
Singapore	17.1	38.0%	16.1	35.0%	15.7	35.0%
Belgium	4.5	10.0%	5.1	11.0%	5.3	11.0%
USA	4.2	9.3%	4.1	9.0%	5.2	9.0%
France	3.3	7.4%	3.7	8.1%	4.2	8.1%
South Korea	3.0	6.8%	3.2	7.0%	3.7	7.0%
Australia	3.5	7.7%	3.2	7.0%	3.2	7.0%
Malaysia	1.7	3.8%	1.8	4.0%	2.2	4.0%
Italy	1.9	2.7%	1.3	2.8%	1.8	2.8%
China	0.9	1.9%	1.4	3.0%	1.4	3.0%
Switzerland	1.3	2.8%	1.2	2.6%	1.2	2.6%
Total (top 10)	40.5	90.3%	41.3	89.6%	43.8	89.6%
Total	44.8	100.0%	46.1	100.0%	50.0	100.0%

Source: Japanese Ministry of Finance "Trade Statistics"

Import Value of Beer and Happoshu by Country (First Half of 2013)

Country	Beer		Happoshu		Total	
	Value	%	Value	%	Value	%
South Korea	205	6.6%	6521	79.9%	6726	59.8%
Belgium	542	17.5%	628	7.7%	1171	10.4%
Thailand	77	2.5%	769	9.4%	846	7.5%
Ireland	576	18.6%	0	0.0%	576	5.1%
Germany	362	11.7%	2	0.0%	364	3.2%
Mexico	318	10.3%	0	0.0%	318	2.8%
UK	196	6.3%	0	0.0%	197	1.7%
USA	182	5.9%	3	0.0%	185	1.6%
Netherland	108	3.5%	27	1.3%	135	1.2%
Australia	128	4.1%	0	0.0%	128	1.1%
Vietnam	30	1.0%	97	1.2%	127	1.1%
Taiwan	6	0.2%	98	1.2%	103	0.9%
Total (top-12)	2731	88.2%	8146	99.8%	10877	96.6%
Total	3096	100.0%	8160	100.0%	11256	100.0%

Source: Japanese Ministry of Finance "Trade Statistics"

At Foodex the Belgian pavilion is formed by three regional booths, from Flanders, Wallonia, and Brussels. The Flemish booth is getting larger and larger every year. Through ISM and ANUGA, we are increasing the number of companies that become interested in Japan. Since

the European economy has been sluggish in the past years, more companies positively consider the chances of expanding to the Japanese market when we suggest that possibility.



Q: Generally, what is the Flemish understanding of the Japanese market?

Japan is not so prominently appearing in the European media compared to China. For example, there will be a major article in the newspapers when a Chinese company invests in Belgium, while this will be less when it comes to a Japanese investment. But recently, the Chinese boom is losing its speed. Also, compared with the boom and high recognition of Belgian beer and waffles in Japan, China's awareness of these products is lagging behind.

When we take a look at Foodex, there are buyers from China and especially Korea in addition to the Japanese buyers. Korean companies are quicker than Japanese companies to start and develop business. This way, we sometimes hear from Flemish companies that thanks to Foodex, they were able to enter the Korean market. However, there is no guarantee that this business with Korea will be long term. On the other hand, it takes more time to start business with Japanese companies, but once the Flemish companies have entered the market, business relationships tend to be for the long run.

Q: On what items would you like to put an emphasis in the future?

We have at least 3 items. One is cookie. We want more people to know that Belgian confectionary is not waffles only. Although Japanese have an excellent image of Belgium when they hear the word waffle or beer, that same Belgian image does not link with cookies. We believe that if more cookie companies enter the Japanese market, that Belgian image will become established for that product too.

Import Shares of Belgian Bakers' Wares (2010-2012)⁴⁾

Product/Year	(Unit: ton, 1 million yen)					
	2010		2011		2012	
	Volume	Value	Volume	Value	Volume	Value
Waffle	122	82	105	78	401	164
Bread	0	0	0	0	7	2
Cookie	951	438	833	376	1037	462
Chips	0	0	0	0	0	0
Others	112	55	53	27	98	42
Total	1184	575	991	481	1543	670

Source: Japanese Ministry of Finance "Trade Statistics"

Second is frozen vegetables. We want to sell these to supermarkets and department stores. Frozen vegetables are a growing market in Japan. It is not widely known, but Flanders has the number one frozen vegetable industry in Europe and large quantities of frozen potatoes are being exported to Japan already.

Import Data of Potato Products (Frozen) (2012)⁴⁾

Country	(Unit: 1000 ton, 1 million yen)			
	Volume	% Volume	Value	% Value
USA	315.9	81.9%	33403.3	82.0%
Canada	29.1	7.5%	3163.4	7.8%
China	12.9	3.3%	1517.6	3.7%
Belgium	14.5	3.8%	1322.8	3.2%
New Zealand	3.6	0.9%	376.7	0.9%
Germany	2.7	0.7%	260.6	0.6%
France	2.5	0.7%	208.2	0.5%
Egypt	1.9	0.5%	143.2	0.4%
Netherlands	1.7	0.4%	136.4	0.3%
Total (top-9)	384.7	99.8%	40532.3	99.5%
Total	385.6	100.0%	40745.4	100.0%

Source: Japanese Ministry of Finance "Trade Statistics"

Thirdly, we have fresh vegetables. We want to sell them to exclusive restaurants. We are

planning to have a booth for fresh vegetables at Foodex 2014. Also, many Japanese people may not know well about Belgian cheese, but in fact, there are many small and medium-sized companies that manufacture cheese. This is another item that we want to put effort into.

Import Data of Vegetables (2009-2012) ↵

	(Unit: ton, 1 million yen)							
	Fresh/Chilled		Frozen		Others (1)		Total	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
2009	400	205	8734	887	3326	557	12460	1648
2010	336	164	11400	1040	4187	602	15923	1806
2011	409	212	11763	1146	3997	628	16169	1986
2012	379	193	13749	1183	2552	422	16680	1798

(1) mainly vegetable preparations
 Source: Japanese Ministry of Finance "Trade Statistics"

Q: In which other promotion activities are you engaged in?

On October 1st, 2013, the Belgian-Luxembourg Chamber of Commerce and Industry in Japan held a Food Pairing Academy. The purpose of this event was to learn about the pairing of high-class Belgian food and beer. Such events are aiming to enhance the image of the high-class Belgian cuisine, similar to the French cuisine, and lift up Belgian beer to the next stage.

There is also a beer event called Belgian Beer Weekend, organized by a committee of Japanese importers of Belgian beers, with the special support of the Belgian Embassy. In 2013, it was held in 5 major cities: Nagoya, Yokohama, Osaka, Fukuoka, and Tokyo. After this event, there was another beer event held in Osaka in October 2013 called the Belgian Beer Weekend Boutique. It was an easily managed, smaller scale event that added to the already existing promotion activities. FIT sponsored both the Food Pairing Academy and the Belgian Beer Weekend.

Q: What are the possibilities of waffles, beer, and chocolate in the future?

The exchange rate of euro to yen used to be about 100 yen, so it was natural for the market to grow. However, the euro is now about 40% higher than before. Because of this, our food export to Japan is slightly falling, but it does not mean that the 40% rise automatically led to a 40% drop. We want to keep the current situation so that it will not fall any further.

Beer is one of the products that will show further growth in the future. While Belgian beer is widely recognized in major cities such as Tokyo, Osaka, and Nagoya, it is not well known in other urban areas. For this reason, we believe that the urban market will grow even further

by raising the degree of recognition in areas such as Sendai, Hiroshima, and Sapporo. In addition, by extending the beer market, demands for Belgian food products that go well with beer may also increase.

The chocolate market is becoming stagnant. In addition to Valentines Day and White Day, we need to increase the chances of eating Belgian chocolate by introducing other events such as Halloween through promotion activities.

Q: What are the problems or barriers to enter the Japanese market?

Honestly, Japanese companies have more orders and requests that are very specific compared to other countries in the world. For example, let's say that a Japanese company ordered chocolate and the product has consequently been shipped from Belgium in a container. The Belgian company finds out that one of the chocolates inside the packaged product is the wrong kind and tells this to the Japanese company. Countries other than Japan would negotiate to lower the price of the product, but would agree to buy it since it has already been shipped. On the other hand, Japanese companies will ship it back, even in cases considered minor mistakes abroad.

Also, the standards for residues of agricultural chemicals or additives in food are stricter in Japan than in Europe. For example, products that are perfectly fine in the European market may not be accepted in the Japanese market.

Companies that are thinking of entering the Japanese market must understand these characteristics of Japan. Then, they must adjust to the Japanese standard, or they will not be able to succeed. In order to do this, it is necessary for them to gain knowledge about Japan. Most small companies do not even have basic knowledge on doing business in Japan, and are reluctant to spend money to require it. This is where a government organization like FIT comes in. We provide the Flemish companies the basic information they need about Japan. If they are able to supply a product that matches the needs of the Japanese market, they will enter into an exclusive market with relatively few competitors. While it is relatively easy to enter markets of other countries, these markets are highly competitive and prices are continuously under pressure. However, with the Japanese market, once foreign companies have the knowledge on how to build relationships and how to provide the right products for the market, they will have fewer competitors and longer lasting business relationships.