

Export Market Development Guidebook

Abalone - HS codes (030781, 030783, 030787) in Japan

July 2021



Australian Government
Australian Trade and Investment Commission





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Introduction

Project Background and Objectives

In December 2020, Austrade was allocated AUD42.9 million in funding to boost its support for Australian agri-food exporters.

Austrade primarily focuses its services on impact and reach. As part of its services, Austrade aims to increase assistance to an additional 2,000 agri-food exporters each year, as well as work with industry bodies to deliver specific advice to exporters about opportunities in existing and new markets.

Euromonitor International is collaborating with Austrade in delivering such services via the provision of enhanced market intelligence reports that further help Australian exporters make informed decisions

The key objectives of the research are as follows:

- Understanding market volume and dynamics
- Evaluating the role played by local production versus trade
- Assessing the different channel/customer preferences and wider implications these have on demand for Australian products
- Understanding distribution landscape in terms of key players operating within the different channels
- Understanding pricing dynamics across different channels and the impact on demand for Australian products
- Evaluating competitive environment to assess Australian products' positioning
- Assessing import and trade regulations

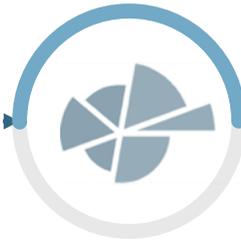
Overview of the research methodology implemented

PROJECT ALIGNMENT AND KICK-OFF



- Project alignment discussion on processes, objectives, goals, communication responsibilities/frequency, reporting needs and timeline
- Knowledge transfer

TEMPLATE PRODUCTION AND DATABASE ACCESS



- Development of research templates and an initial draft reporting template
- Central sweep of publicly available sources, including **governmental and quasi-governmental sources**, as well as **trade associations, industry publications and analyst groups** tracking agricultural trade and market conditions

PRIMARY RESEARCH AND TRADE DATA COLLECTION



- **Trade data extraction**
 - Retail audits to understand distribution landscape (six stores in Tokyo)
 - **Discussions with key players** including, but not limited to importers, distributors, retailers, and industry associations
- N = 4 interviews

ANALYSIS AND REPORTING



- **Triangulation of results** to create a consensus output
- Multi-layer **quality control**
- **Delivery of the final report** (including the presentation pack, ie a highly visual executive summary of key findings)
- Austrade review, commentary, and report refinement and finalisation

List of stores audited and companies interviewed in Japan

For the purpose of this research, Euromonitor International conducted detailed store audits in May-June 2021 and trade interviews with the following companies:



Stores audited in Tokyo

AEON, Hypermarket

Belc, Supermarket

Ito-Yokado, Supermarket

Mitsukoshi Ginza, Department store

Toyosu, Fish market

Sakasyu, Central fish market



In-depth trade interviews conducted

Iwate Kensan, Distributor

Kaiya, Producer

Makura Suisan, Distributor

Wamaru, Foodservice establishment and distributor

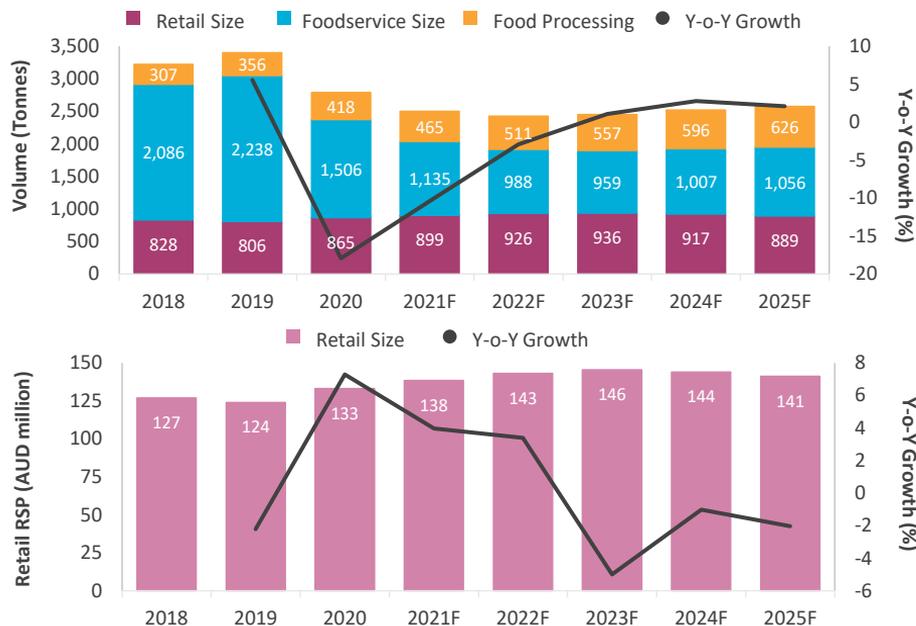
Market Volumes and Dynamics

Japan is one of the largest consumers of abalone globally with 2,790 tonnes in 2020; abalone are considered a premium seafood variety, mainly consumed on special occasions and during traditional meals on New Year's Eve.

Foodservice accounts for 54% of total consumption, with strict COVID-19 measures having a negative impact on overall consumption in 2020. However, increasing consumer interest and treating themselves to premium meals during lockdown and the popularity of consumers purchasing abalone as gifts to wish good health to friends and family supported demand in the retail channel.

Retail channels witness an increase in abalone in 2020 compared to previous years, whereas foodservice channels dominate overall consumption

Abalone Consumption in Japan 2018-2025



Source: Euromonitor International estimates as per Ministry of Agriculture in Japan, FAO, TradeMap, trade interviews. Note: Abalone covers HS codes 030781, 030783, 030787 and 030789. The rate of decline of foodservice consumption shrank from -24.6% during 2020-2021 to -12.9% during 2021-2022. The growth rate for foodservice consumption in 2022-2023 is anticipated to decline by only 3% after which we anticipate growth of 5% during 2023-2024. Kindly note that a complete V-shaped recovery in 2022 was not something that industry players nor foodservice operators in Japan forecast as we do have an infection rates increase from the delta variant. The Japanese government in the past weeks also extended the state of emergency until 12 September and expanded the areas covered to 13 prefectures from six, including Tokyo.



Abalone

Total consumption:
2,790 tonnes, 2020

- Total abalone consumption stood at 2,789 tonnes in 2020. Foodservice accounts for 54% of total consumption as abalone are considered a premium seafood variety. Growth in the number of tourists seeking to try this rare local speciality boosted demand for abalone in traditional Japanese restaurants and sushi bars catering for tourists.
- COVID-19 resulted in a collapse in tourism and strict measures placed on the foodservice channel, with all restaurants closing their doors or facing limited opening hours in 2020. Foodservice consumption declined by 32% in 2020 and it is not expected to fully recover to pre-pandemic levels in the short to medium term. Importers/distributors reduced their prices and sold at retail stores, partially to offset the reduced demand from foodservice and sell their stocks.

Local Production Dynamics

Local production of wild-caught giant abalone continues to decline due to a fall in local demand and the ageing condition of the Japanese fishing industry. Large costs required discourage local governments from investing in an industry increasingly dominated by Chinese and South Korean imports.

On the other hand, local production is expected to recover in 2023 as initiatives to produce farmed abalone may become commercially viable in 2023.

Production expected to recover in 2023 as farmed abalone in Hokkaido become suitable for sale

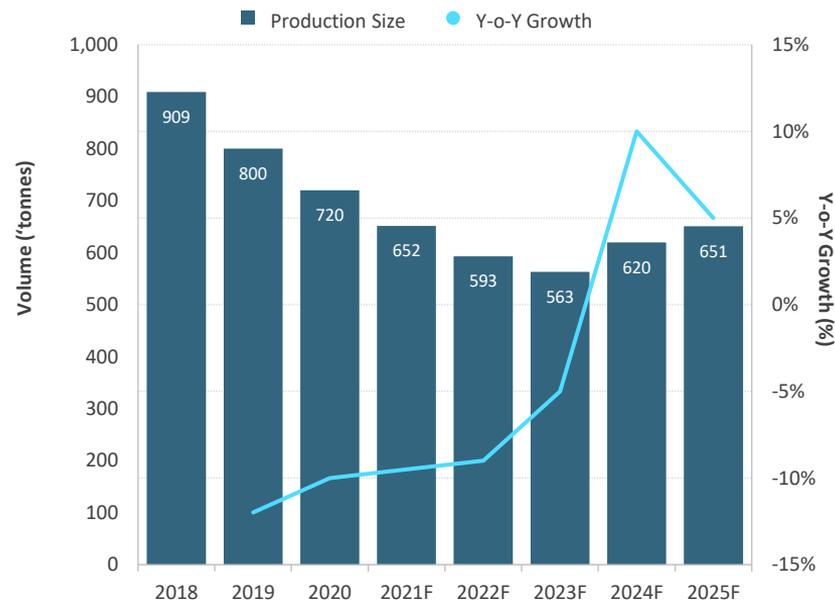
- Production of abalone relies entirely on wild-caught *Haliotis gigantea*, popularly known as “giant abalone”, regarded as the most prized and expensive species due to its rarity. The prefectures of Iwate, Chiba and Miyagi account for 38% of total captures.
- Production of abalone has declined steadily since 1985 due to severe difficulties attracting young talent in the Japanese fishing industry. In addition, the fleet of vessels in Japan is considered obsolete in comparison to competition from China or South Korea.
- In addition, the industry is still suffering from the consequences of the earthquake in 2011 that affected industry sources and abalone availability around Japan’s coastline. High investments required in the industry and decline in local demand for domestic abalone in favour of imports have discouraged the government from investing in strengthening local production of wild-caught abalone.
- On the other hand, production is expected to increase with the commercialisation of farmed abalone in Hokkaido. The initiative launched in 2011 is expected to start being commercialised in 2023.



Abalone

Production CAGR, 2021-2025: -0.2%

Abalone Production in Japan 2018-2025

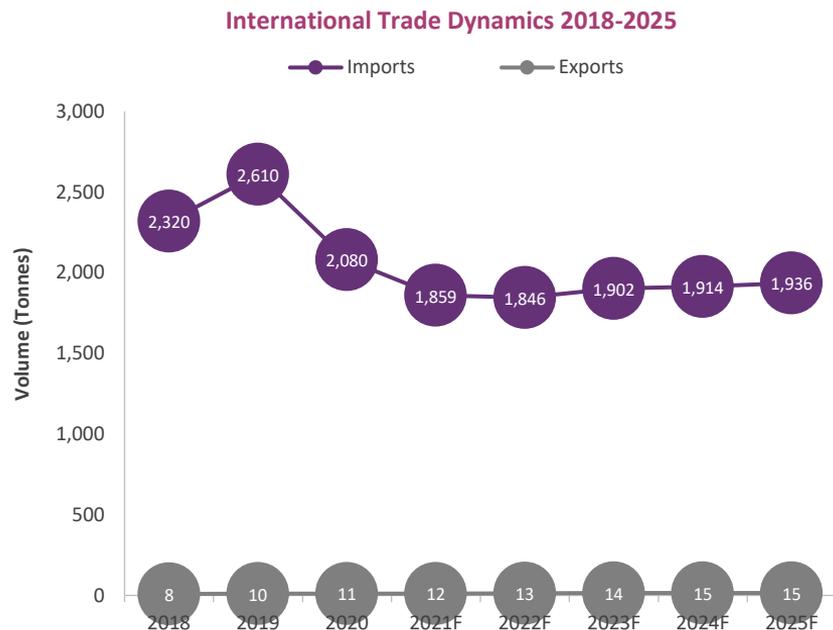


Source: Euromonitor International estimates as per FAO statistics, trade interviews, Prefecture of Hokkaido

Trade Dynamics

Japan is highly dependent on imported abalone due to the limited production and high price of locally-produced giant abalone. COVID-19 affected import demand but this is expected to gradually improve in the coming years.

Japan is highly dependent on imported abalone due to low production volumes



Source: Euromonitor International estimates as per Trade Map statistics, trade interviews, secondary research

Note: Abalone covers HS codes 030781, 030783, and 030787. Please note the trade data shown here does not cover 160557 as this was not part of research scope.

Import and export forecasts are made without extensively analysing trade and non-trade barriers. The forecasts are based on historic performance and prospects for local production as gathered from trade discussions.



Abalone

1.0% CAGR Imports, 2021-2025
6.8% CAGR Exports, 2021-2025

- Japan is highly dependent on imports as they account for 72% of total consumption of abalone in Japan and they are expected to reach 75.3% by 2025 despite the anticipated fall in demand.
- Abalone imports dropped by 20% in 2020 due to the falling demand in the foodservice channel due to COVID-19 regulations and declining number of visitors.
- Import volumes from China and Australia declined in 2020 compared to 2019 by 26% and 35%, respectively, as a consequence of the collapse of the foodservice channel.
- Exports' performance over the forecast period is anticipated to remain steady.

South Korea dominates imports due to competitive prices for fresh abalone while Australian imports are a variety of high-quality fresh and frozen abalone targeting niche consumer segments

South Korea

1,567 tonnes (76%), -3.5% CAGR 2018-2020

AUD60.0 million (74%), -0.8% CAGR 2018-2020

- Zero tariffs on imported fish and seafood due to the JKFTA Agreement.
- Korean imports focus on offering great value for fresh abalone with the average trade price (CIF)* per kg at just AUD35 compared to more than AUD50 for Australian imports.
- Strong distribution in modern retailers, local markets and chained restaurants.

China

251 tonnes (12%), 23.7% CAGR 2018-2020

AUD10.3 million (13%), 12.9% CAGR 2018-2020

- 7% tariff for live, fresh, chilled and smoked abalone as part of the WTO trade agreement.
- Strong production of cultivated *Haliotis discus hannai*, the preferred frozen abalone species in retailing at half the price of wild-caught Japanese varieties.
- Average import price (covering fresh, frozen and dried) declined by 27% from AUD52.5 to AUD41.1 over 2018-2020 due to shortages in local production.

Australia

116 tonnes (5.6%), -26.1% CAGR 2018-2020

AUD6.6 million (8.1%), -25.1% CAGR 2018-2020

- Import tariffs on Australian imported fish and seafood reduced to zero until 2024 due to the Japan-Australia Economic Partnership Agreement (JAEPA).
- Australian imports focus on supreme quality “Australian Wild Abalone” that are appreciated for their large size and attractive aesthetics.

Chile

70 tonnes (3.4%), 6.3% CAGR 2018-2020

AUD2.1 million (2.6%), 11.0% CAGR 2018-2020

- Required to pay 7% tariff for live, fresh, chilled and smoked abalone.
- Relatively new in Japan and mostly sold frozen or processed.
- Limited production and high tariffs limit potential growth in a premium-driven market.

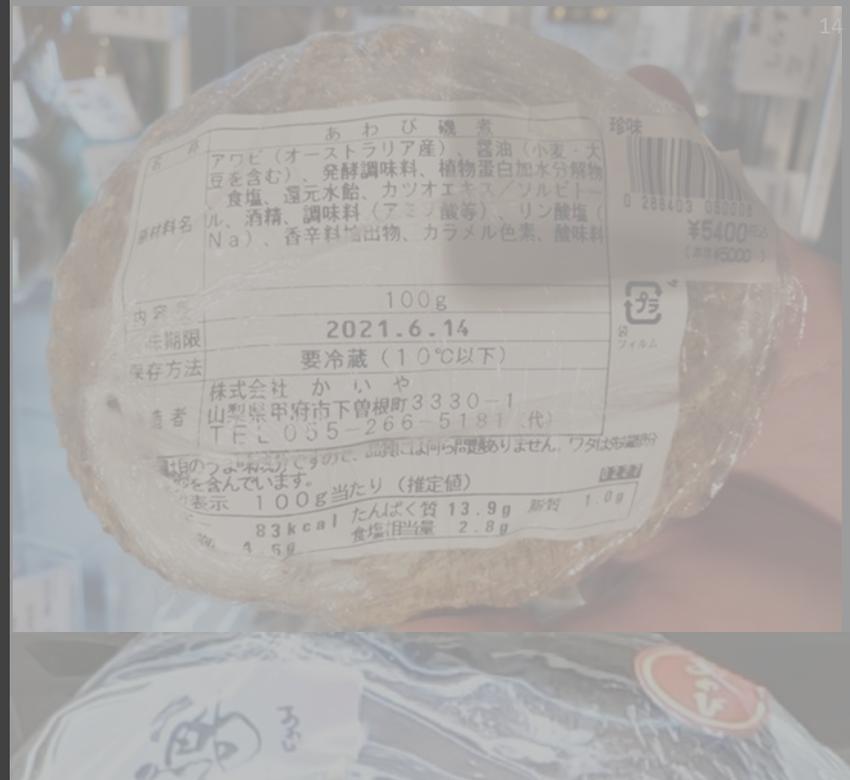


“South Korean imports are the best-selling type because of their competitive prices, and these are the most used imports in sushi bars. The most expensive restaurants will always prioritise Japanese abalone, but Australian abalone are a good option for traditional Japanese restaurants.”

- Sales Director, Large Distributing Company

“Australian imports are considered a good alternative to Japanese abalone. Large varieties are demanded in restaurants and retailers.”

- Sales Director, Large Distributing Company



Australian abalone, particularly wild-caught large varieties, are highly appreciated in Japan, with restaurants and high-end retailers considering them a good alternative to prized, but overpriced, Japanese abalone.

Channel and Consumer Preferences

Abalone are mainly consumed in the foodservice channel (with more than 50% share of total consumption in 2020). High-end seafood restaurants purchase exclusively live abalone and prefer locally-produced Japanese giant abalone for their rarity while mainstream sushi bars opt for fresh small species from South Korea or frozen species from China due to their competitive pricing.

Abalone have a limited presence in the retail channel with most sales in local markets where abalone are sold fresh while mainstream retailers such as e-commerce sell both fresh and frozen imported varieties.

Lockdown triggers interest in cooking at home in some consumers, partially supporting consumption of abalone

Consumers purchase abalone as gifts to wish good health and prosperity to family and friends



Steamed abalone in soy sauce as a gift to wish good health

Wealthy consumers usually purchased abalone as gifts for friends and family to wish them good health and prosperity. This trend follows an ancient Japanese tradition as abalone are believed to have healing properties. This was impacted after the pandemic outbreak that triggered cautious spending, in general, among consumers.

High-end retailers and specialist e-sellers such as Shingen Foods offered competitively-priced abalone, typically dried or steamed in soy sauce, to attract consumers purchasing abalone as gifts for special occasions such as weddings or Christmas.

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Increased consumer interest in cooking during lockdowns

As Japanese consumers remained locked down at home during the pandemic, some of them became interested in using their spare time to learn how to cook.

Premium seafood products was one of the choices for consumers wanting to prepare food for special occasions. Steamed abalone (based on insights gathered from the sample retailers interviewed) was one of the preferred choices as it is easy to prepare and can be used in several traditional dishes.



Growing popularity of steamed abalone in Japanese dishes

Department stores allocate more space to seafood to comply with COVID-19 regulations



Selection of premium seafood in Mitsukoshi Ginza department store

During the lockdown the government limited the opening hours of all retail stores not selling essential products such as food and medicine. Department stores decided to increase the space dedicated to food, including premium seafood varieties, to increase revenue.

This encouraged some consumers (as mentioned by the sample retailers we interviewed for the research) to purchase seafood at department stores as this was perceived safer than visiting crowded traditional channels.

Local and central markets lead sales of fresh abalone, while other channels focus more on frozen or canned varieties

Modern Retailers

Local and Central Fish Markets

E-Commerce

Product Offer

- Modern retailers like supermarkets and department stores offer a limited variety of abalone due to their high prices and niche appeal. Fresh abalone imported from South Korea and frozen varieties from China account for most sales in the channel. Products available are unbranded and generally available in packs of 2-3 units ranging between 200g and 250g.

- Local and central fish markets tend to focus on selling fresh and live unbranded abalone. Pricing of abalone is by kg and there are no official marketing promotions.
- Japanese abalone have a preferential position in the markets in this channel as they are the preferred variety due to rarity and premium appeal.
- Retailers at local markets give preferential space to large species to attract consumer interest, particularly Japanese giant abalone and Australian Jade Tiger.

- E-commerce sells mainly frozen and steamed abalone as they have a longer shelf life and are easier to handle.
- Most e-sellers specialise in imported products. Only a limited number of high-end sellers such as Shingen Foods sell Japanese or Australian abalone due to their high prices.
- Mainstream sellers prefer South Korean, Chinese and Chilean abalone for their competitive pricing.

Australian Brands Positioning

- Australian imported abalone are considered overpriced by mainstream retailers who prefer cheaper South Korean or Chinese products for their low prices.

- Australian imports are considered a premium alternative to Japanese abalone, particularly large species.
- Generally, Japanese consumers value abalone depending on size, the larger the species, the higher the price some are willing to pay.

- E-sellers usually focus on the most affordable imported species of abalone, tending to prefer Chilean red abalone for their attractive shell colouring to attract inexperienced consumers.
- Australian imported abalone are considered a premium variety.

Preference for and availability of abalone depend on the retail channels selling them

Modern Retailers

Local and Central Fish Markets

E-Commerce

Shelf spacing/Marketing

- Store space dedicated to abalone is particularly limited in supermarkets due to low consumer demand.
- Most abalone in this channel can be found in the section allocated for premium seafood varieties. No special marketing campaigns are organised to promote the consumption of abalone, considered a high-end product.

- Local markets are preferred by consumers for their selection of the best seafood quality, and prefer fresh unbranded products, considering them superior.
- Shelf space is dictated by price and availability, and sellers always prioritise premium varieties to attract consumers.

- E-commerce sellers typically offer a variety of species of abalone listed according to price and country of origin, and whether they are fresh or frozen or steamed.
- Products are generally unbranded and are typically available in pack sizes ranging between 80g and 250g.
- Some e-sellers such as Rakuten promote abalone as a New Year's Eve meal ingredient.

Procurement

- Modern retailers like hypermarkets are part of a large corporation group that sources its abalone from specialised distributors, usually with nationwide coverage.
- Supermarkets, historically, are known not to deal directly with importers.

- Procurement at local/central markets is done directly from distributors or importers through a bidding process. Importers sell their cargo at the market and different distributors bid for the cargo.
- Stalls selling seafood at local/central markets create associations with other distributors to increase their bidding power and ensure the cargo is fairly distributed among all stalls.

- E-sellers are part of larger corporations, typically wholesalers, who source their abalone directly from importers, an approach that is not highly regarded by local distributors as they do not comply with local distribution traditions in Japan.



Steamed abalone from South Korea in a supermarket



Australian abalone in the popular Toyosu Fish Market



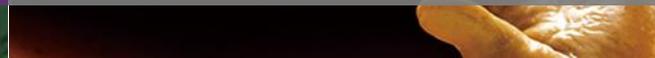
Frozen steamed abalone with soy sauce advertised on Rakuten



Abalone used in sashimi



Local markets prioritise shelf space for local abalone



吊に女走した前貝でお届けします！

最高級 あわびの姿煮

あわびの食べ方は様々です。
お刺身、ステーキ、踊り焼きなどお料理に
合せてその特徴を生かすことが出来ます。
しかしその中でも最も高級感溢れるのが「姿煮」です。
一流料亭の料理長が独特な技法で出し汁を作り、

その出し汁でじっくりと煮込んで作り上げた
逸品がこの「高級あわびの姿煮」です。
Advertisement for abalone as a gift for Father's Day
煮込むことを通じてあわび本来が持つ美味しさを
最大限引き出すことが出来、
その旨さをしっかり閉じ込めたままでお届けいたします。

Growing international popularity of abalone drives demand from restaurants and sushi bars

High-end restaurants select exclusively Japanese giant abalone for premium appeal



Prized giant Japanese abalone in soy sauce at Sakasyu Shoten

In recent years before the pandemic, there was an increasing number of high-end restaurants specialised in abalone such as the Sakasyu Shoten restaurant chain.

Premium restaurants specialise in serving both modern and traditional recipes of Japanese giant abalone targeting wealthy consumer segments. Specialised restaurants in abalone are a popular choice for high-powered executives to impress business guests during business trips.

Traditional Japanese restaurants and steak houses offer abalone to attract tourists

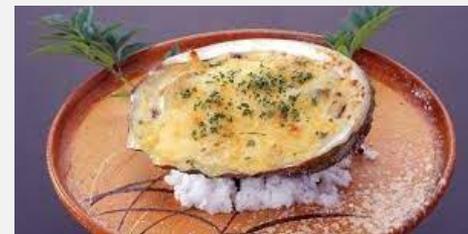
Traditional Japanese restaurants and sushi bars are promoting their new recipes with abalone, particularly as part of sushi and sashimi due to the popularity of these dishes among tourists.

Steak houses specialised in Kobe meat have included grilled and deep fried abalone in their menus.



Selection of sashimi including abalone in restaurant

Recent years saw the inclusion of abalone dishes on Father's Day



Popular Father's Day new recipe: Grilled Cheese on Steamed Abalone

Many Japanese citizens were confined at home and not able to visit their parents during the lockdown for special occasions such as Father's Day. Japanese consumers order food to be delivered to their parents on Father's Day and abalone have proved a popular choice as they are considered to bring good health. Reduced abalone prices, partially due to lower demand from foodservice, further increased affordability among consumers. Abalone on Kobe steak and grilled cheese on steamed abalone were some popular choices noticed in some food establishments.

Australian imported wild-caught Jade Tiger and green are popular choices as more affordable alternatives to prized, but expensive, Japanese giant abalone

High-End Seafood Restaurants

Product Preferences

- High-end seafood restaurants use exclusively alive or fresh abalone, primarily locally wild-caught Japanese giant abalone. Premium quality is the priority when selecting abalone, preferring the largest species as they are the most demanded by wealthy consumers and top business executives. Most high-end restaurants display their premium species in water tanks.
- Imported abalone are often available, primarily large species such as Australian Jade Tiger or large Chinese species as more affordable alternatives to Japanese abalone, or alternatives in the winter when local production declines.

Australian Brands Positioning

- Australian abalone have a good reputation for quality and are considered a good alternative to Japanese giant abalone, especially in dishes where abalone are an ingredient rather than the centrepiece of the meal. High-end restaurants select imported abalone for their size, making Jade Tiger abalone a good choice and alternative to Japanese giant abalone.

Traditional Japanese Restaurants and Sushi Bars

- Traditional Japanese restaurants not specialised in seafood always use fresh abalone and prioritise Japanese abalone, although they might select other large imported species depending on demand such as Australian abalone or giant abalone farmed in China.
- Sushi bars, on the other hand, prioritise pricing and usually select small fresh south Korean or frozen Chinese abalone as they are easy to prepare with sushi or sashimi. Traditional Japanese restaurants also demand South Korean abalone as an ingredient for prepared meals such as soups or noodles.

- Australian imported abalone are considered a premium variety. Australian abalones are a popular partially due to the tender meat and attractive colouring. Wild-caught green and Jade Tiger are popular choices (as noted during interviews) for premium dishes.

Fresh and live abalone are procured via trusted specialised distributors operating in local markets

High-End Seafood Restaurants

Procurement

- Seasonality is a key factor in high-end seafood restaurants as they specialise in offering premium wild-caught Japanese abalone, which are mainly caught when the rainy season “Tsuyu” is over. Most local abalone are caught during the months of July, August and September.
- High-end restaurants are willing to pay premium prices to guarantee they have supply of Japanese abalone throughout the year and purchase from specialised distributors. These distributors are present in all key production regions in Japan to select the best pieces of abalone for high-end restaurants.
- Most local production during the winter is sold almost exclusively to specialised distributors catering to high-end seafood restaurants.
- High-end restaurants also work with specialised distributors for imported varieties, which are acquired from over 822 landing ports in Japan and especially from the Toyosu Fish Market in Tokyo to select the best quality seafood for demanding high-end restaurants.

Traditional Japanese Restaurants and Sushi Bars

- Seasonality has a great influence on the demand from traditional Japanese restaurants, with most high-end restaurants serving only local abalone during the summer season when production peaks. Sushi bars on the other hand are less influenced by seasonality as they use frozen abalone that can last up to eight months.
- Traditional Japanese restaurants tend to be independent and typically source their seafood from distributors and sellers in the local market near the establishment as that guarantees freshness and quality.
- Sushi bars on the other hand tend to purchase from distributors and wholesalers due to their more competitive pricing and capacity to supply seafood throughout the year regardless of the season.
- Popular chain of sushi bars such as Kiyomura, with over 50 stores nationwide, have a central purchase and distribution centre dealing directly with importers as it increases their bargaining power. Sushi bar chains prioritise imported abalone from South Korea and China due to larger supply and more competitive prices.

Growth of ready-to-eat products such as steamed abalone in soy sauce seen in the market

Busy consumers prefer easy-to-prepare meals to fresh seafood



Ready-to-eat steamed abalone in soy sauce

Some Japanese consumers showed growing interest in cooking at home, including traditional Japanese food, during the COVID-19 lockdown. This partially supported the popularity of products like steamed abalone in soy sauce.

Processed abalone represents a solution to meet peak demand for abalone at New Year

The Japanese traditionally greet the New Year with several dishes, including Kaihou-zuke (a meal consisting of marinated steamed abalone with salmon roe and mekabu).

Manufacturer Nakamura-ya launched a frozen ready-prepared Kaihou-zuke targeting busy consumers and promoting the importance of maintaining old Japanese traditions.



Frozen processed "Kaihou-zuke" a traditional New Year meal targeting convenience-seeking consumers

Ancient Osechi Ryori tradition that greets the New Year



Traditional Osechi Ryori box of "good luck" food products

As most Japanese consumers could not visit their parents during the COVID-19 lockdown, they celebrated old traditions. particularly New Year's Osechi Ryori at home. The Japanese greet the New Year with a box of shelf stable premium food products considered to bring good luck, to prepare an ancient Japanese meal, including dry abalone, each day.

Food processors select frozen abalone for their competitive pricing and ease of storing, especially from countries like China

Chilled Food - Processed Abalone

Product Preferences

- The food processing sector sells mainly steamed abalone packed in soy sauce.
- Steamed abalone is mainly available in modern retailers and in e-commerce targeting convenience-seeking consumers who are not interested in preparing fresh fish. Pack sizes available vary from 2-3 pieces from 350g to 500g, although some e-sellers such as Shingen Foods offer 1,000g.
- Pricing is key to attract consumers, and processed food manufacturers prefer frozen Chilean and Chinese imports for their competitive prices and supply throughout the year.

Australian Brands Positioning

- Australian imported abalone are not available in food processing as they are considered too expensive in comparison to other imported products.

Frozen Ready Meals

- Abalone are available as a frozen ready meal from local manufacturer Nakamura, which offers traditional Kaihou-zuke. This product is marketed as an easy-to-prepare premium ready meal. The product is usually available in 150g and 350g sizes, retailing at AUD25 and AUD54, respectively, and is available online and in Mitsukoshi department stores.

- Procurement of Nakamura's traditional Kaihou-zuke is exclusively from the prefectures of Aomori, Iwate and Miyagi in the Sanriku region.

Japanese tradition prevents food processors from sourcing abalone directly from importers

Chilled Food - Processed Abalone

Frozen Ready Meals

Procurement

- Seasonality has a great impact on demand for processed food such as steamed abalone in soy sauce. Steamed and dried abalone are considered alternatives to fresh abalone during the winter period as local production declines and prices increase.
- Procurement is typically done via wholesalers who purchase their product at local markets. Japanese tradition prevents local companies from dealing directly with importers, as all fish/seafood is selected and sent for sale at the port of arrival.

- Procurement is usually direct from the three prefectures involved in the production of this product.

Distribution

Limited presence of abalone in modern retailers due to niche appeal



Mitsukoshi Ltd

Department store/Retailer

Contact:

1-4-1 Nihonbashi-Muromachi,
Chūō, Tokyo, Japan

Tel: +81 3 3241 3311

LOPIA Co Ltd

Supermarket/Retailer

Contact:

2-9, Minamisaiwai-cho, Saiwai-ku,
Kawasaki City, Kanagawa
Prefecture, Japan

Tel: +81 44 556 0298

Sendoba K.K.

Supermarket/Retailer

Contact:

9 Chome-5-15 Miyamoto,
Funabashi, Chiba, Japan

Tel: +81 47 437 1212

Super Hosokawa Ltd

Supermarket/Retailer

Contact:

391-1, Oaza-Manda, Nakatsu City,
Oita Prefecture, Japan

Tel: +81 979 24 5366

E-commerce sellers offer widest variety of abalone despite limited volume sales



Amazon Japan GK

E-commerce marketplace

Contact:

1-8-1 Shimomeguro Meguro-ku, 153-0064, Tokyo

Tel: +81 120 999 373

Rakuten

E-commerce Marketplace

Contact:

Rakuten Crimson House, 1-14-1 Tamagawa, Setagaya-ku, Tokyo

Tel: +81 505 581 6910

Tabechoku (Vivid Garden Inc)

E-commerce Platform

Contact:

1-7-3, Hamamatsucho, Dai-ichi Building 4, Minato-ku, Tokyo 105-0013, Japan

Tel: +2500 0010 18063

Yodobashi Camera Co Ltd

E-commerce/Retailer

Contact:

84-4 Koshindo, Ohata-cho, Mutsu City, Aomori Prefecture, Japan

Tel: +81 03-3346-1010

Traditional fish stores at local markets lead retail distribution as they specialise in fresh abalone offering both local and imported varieties



Toyosu Market

Central market

Contact:

6-chōme-6-1 Toyosu, Koto City,
Tokyo, Japan
Tel: +81 3 3520 8213



Takahashi Suisan Corp

Local shop/Retailer

Contact:

Room 202, Nakagin Bell Tsukiji
Mansion, 7-11-5 Tsukiji, Chuo-ku,
Tokyo, Japan
Tel: +81 3 6226 4670



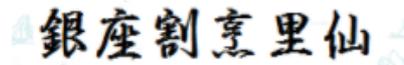
Asada Suisan Co Ltd

Local shop/Retailer

Contact:

4-7-5 Tsukiji, Chuo-ku, Tokyo,
Japan
Tel: +81 3 3546 3939

High-end seafood restaurants account for most sales of premium fresh abalone in foodservice channel



Awabitei K.K.

Restaurant chain

Contact:

1-35-1 Nerima, Nerima-ku, Tokyo,
Japan

Tel: +81 3 3557 7369

Ginza Kappou Risen Ltd

Restaurant/Foodservice

Contact:

Ginza Kato Building 1F, 8-18-3
Ginza, Chuo-ku, Tokyo, Japan

Tel: +81 3 6264 7158

Teppan-Yaki Hana K.K.

Restaurant/Foodservice

Contact:

13-6 Daikanyama-cho, Shibuya-ku,
Tokyo 88, Japan

Tel: +81 3 6873 5412

La Luna Rossa

Chain of Oyster Restaurants

Contact:

153-0061 Tokyo, Meguro City,
Nakameguro, 2 Chome – 5-23

Tel: +81 3 3793 4310

Food processors mainly focus on manufacturing steamed abalone with soy sauce



Shingen Foods Inc

Seafood manufacturer/Food processing

Contact:

1870 Fujiki, Shioyama, Koshu-shi, Yamanashi, Japan

Tel: +81 553 32 3324

Nakamura Inc

Seafood manufacturer/Food processing

Contact:

5-7, Suzuko-cho, Kamaishi-shi, Iwate, Japan

Tel: +81 120 56 7070

Minayo Corp

Seafood manufacturer/Food processing

Contact:

3-11-20, Chuo, Kofu City, Yamanashi Prefecture, Japan

Tel: +81 055 235 3515

Ginza Mikawaya Corporation

Seafood manufacturer/Food processing

Contact:

8-8-18, Ginza, Chuo-ku, Tokyo, Japan

Tel: +81 3 3571 0136

Chuo Gyorui is one of the key importers partially due to its advantage of importing fresh abalone directly from South Korea and distributing from Toyosu's central market in Tokyo

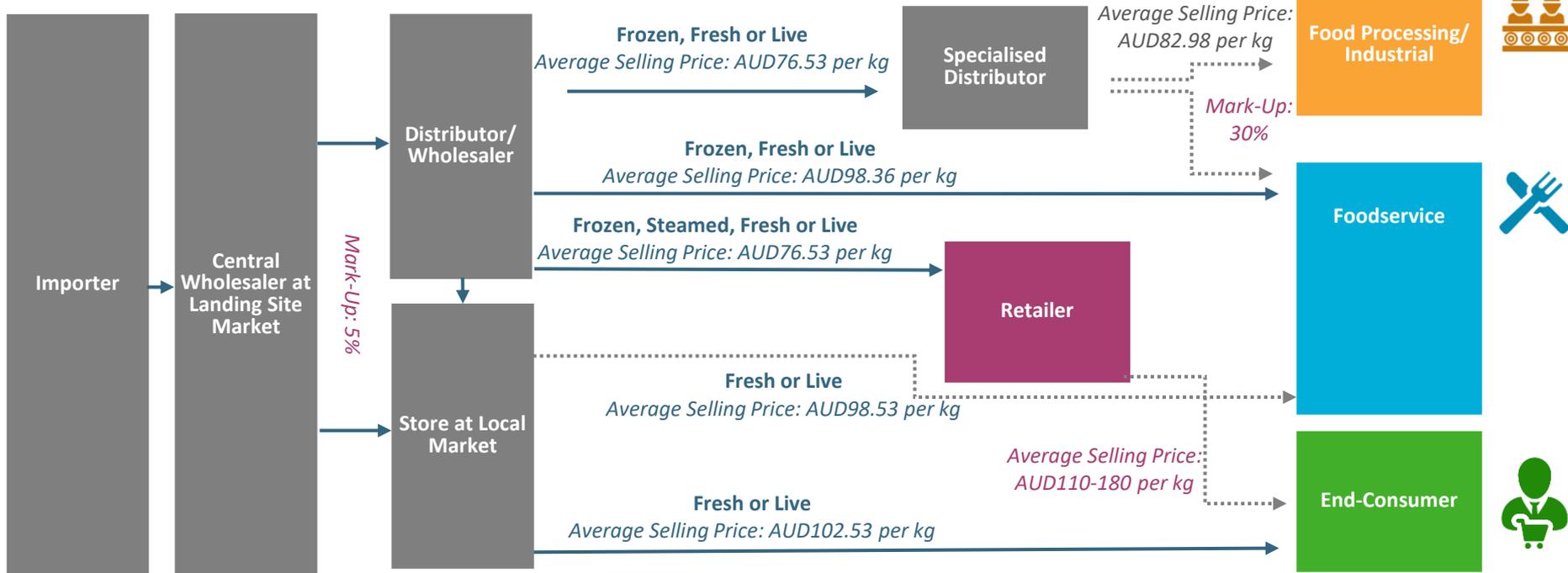
Company	Type	Contact Details	Website
Chuo Gyorui Co Ltd	Distributor	6-2 Toyosu 6-chome, Koto-ku, Tokyo 135-8108, Japan Tel: +81 3 6633 3162	http://www.marunaka-net.co.jp/en/
Daito Gyorui Co Ltd	Distributor	6-6-2 Toyosu, Koto-ku, Tokyo, Japan Tel: +81 3 6633 2200	https://www.daitogyorui.co.jp/
Iwate Kensan Corporation	Distributor	1-8-9, Ryutsu Center Minami, Yabin-cho, Shiwa-gun, Iwate, Japan Tel: +81 19 638 816	https://www.iwatekensan.co.jp/
Maruka Co Ltd	Distributor	681-46, Jiang, Futami-cho, Ise City, Mie Prefecture, Japan Tel: +81 596 43 4787	https://isemaruka.co.jp/

Pricing Analysis

Average retail price for fresh abalone stood at AUD148 per kg with local markets demanding the highest retail prices for steamed premium abalone at AUD155 per kg. Fresh abalone are exclusively available with imported abalone averaging AUD102 per kg and premium Japanese giant abalone species reaching over AUD500 per kg.

Imported abalone are first sorted and sold by the central wholesaler at the landing site before being auctioned to middlemen

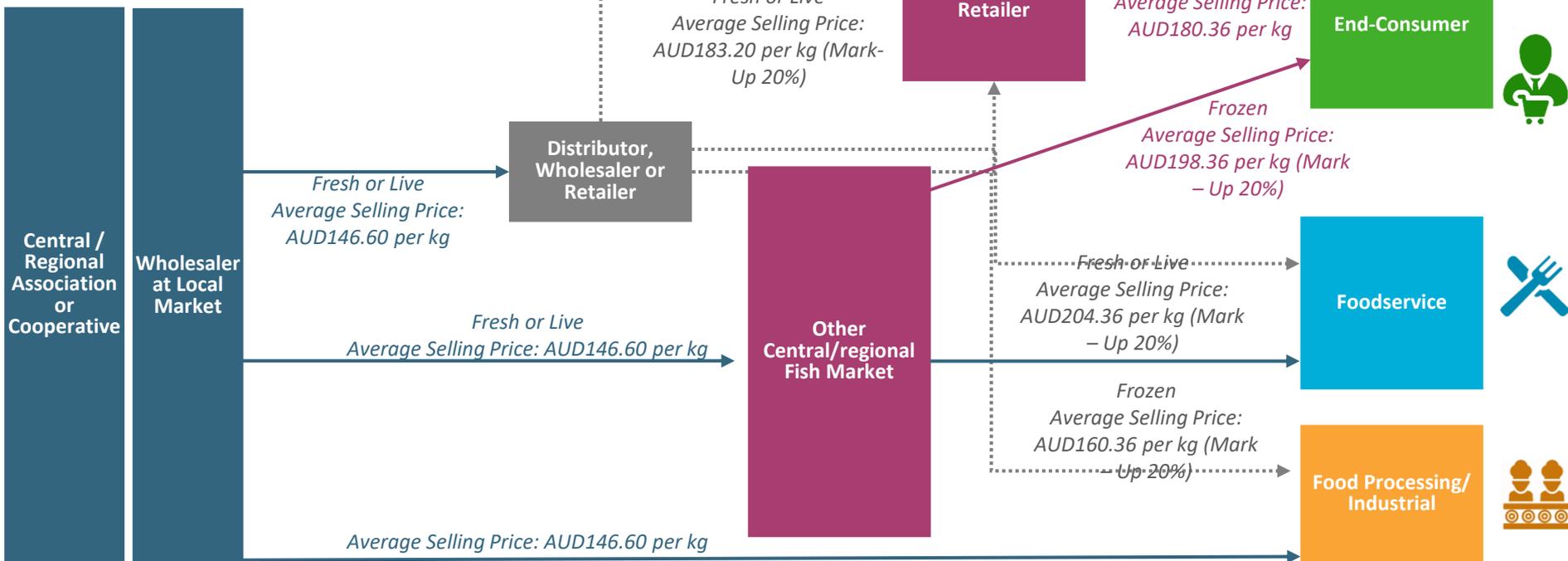
Imported Products Supply Chain



Source: Euromonitor International estimates as per trade Interviews, store audits, FAO and desk research
 Note: Average selling price includes tariffs and local taxes such as retail taxes. Market prices are subject to fluctuations.

Distribution of local-caught abalone features a complex network of distributors and retailers but all products are procured through the local wholesaler

Locally-Produced Products Supply Chain



Source: Euromonitor International estimates as per trade interviews, store audits, desk research and FAO
 Note: Average selling price includes tariffs and local taxes such as retail taxes. Market prices are subject to fluctuations.

Australian abalone is a premium variety mainly available at local markets and modern retailers with average prices 70% higher than Korean imports

Modern Retailers

Local and Central Fish Markets

E-Commerce

Price Competition

- Abalone are rarely available in supermarkets and hypermarkets in Japan due to their high price and limited demand throughout the year. Average retail price for frozen abalone in supermarkets is AUD 80.36 per kg and this is dominated by imports from countries like China. **Department stores offer a variety of steamed and fresh abalone, with domestic fresh abalone retailing at AUD204 per kg and AUD155 per kg for steamed formats.**

- Average retail price for abalone in stores selling at local and central markets is AUD198 per kg and products are sold exclusively fresh, with imports of fresh Korean abalone retailing for as little as AUD122 per kg to some species of Australian abalone at AUD229 per kg.
- Fresh domestic abalone average retail price is AUD220 per kg, with small species available for as little as AUD120 per kg, **and premium giant abalone at up to AUD507 per kg.**

- E-commerce sales are negligible for abalone as they only account for less than 2% of total retail sales.**
- Steamed national abalone are the most premium offering identified, with retail prices reaching up to AUD230 per kg for premium brands such as Shingen Foods.

Australian Brands Price Positioning

- Australian abalone are exclusively available in department stores, where they are available steamed and marketed as gifts. Australian imported abalone retail at an average of AUD153 per kg.

- Availability of Australian abalone is limited in local and central fish markets, with only fresh Jade **Tiger abalone identified and retailing at AUD158 per kg, making it the most expensive imported variety** in this channel.

- Australian abalone are only identified among premium brands and sites such as Mitsukoshi's e-commerce platform, for **steamed abalone retailing at AUD153 per kg.**

Competitive Environment

Leading player Chuo Gyorui Co Ltd on the other hand specialises in importing South Korean and Chinese abalone and distributes it through local markets and other specialised distributors in the foodservice channel across the country.

Other large suppliers of abalone specialise in sourcing domestic abalone for high-end seafood restaurants while offering a variety of imported abalone to mainstream restaurants.

Formerly state-owned Chuo Gyorui Ltd is the largest supplier due to large imported volumes from South Korea and nationwide distribution network

Supplier	Total Value Share 2020	Unique Value Proposition
Chuo Gyorui Co Ltd	24.1%	<ul style="list-style-type: none"> Company accounts for over 50% of Korean imported abalone and is investing in increasing import supply from South Africa. A formerly state-owned company, it has strong presence in over 32 seafood landing ports in the country and its own distribution and purchase centres. Strong position in both retail and foodservice channels.
Daito Gyorui Co Ltd	19.8%	<ul style="list-style-type: none"> Specialised in premium domestic abalone with strong presence in the foodservice channel. The company claims to be experimenting with new freezing technology to maintain supply throughout the year without affecting the texture of premium Japanese abalone. The company also offers a variety of South Korean, South African and Chinese abalone.
Tohto Suisan Co Ltd	21.9%	<ul style="list-style-type: none"> The company focuses on sourcing and supplying domestic giant abalone of 25cm or larger, considered the most prized and expensive in the market. Strong reputation among high-end seafood restaurants, international hotels and traditional Japanese restaurants.
Tsukiji Uoichiba Co Ltd	13.5%	<ul style="list-style-type: none"> Major abalone distributor for Tokyo metropolitan area's foodservice industry including hotels, luxury traditional Japanese and sushi restaurants as well as supplying a variety of seafood products to other international restaurants such as French, Italian and Chinese. The company specialises in Japanese and imported abalone.
Dai-ichi Suisan Co Ltd	9.0%	<ul style="list-style-type: none"> The company focuses on importing seafood and abalone products from South Korea. Its two branches on the west coast, Shimonoseki and Hakata, gives it an advantage sourcing Korean imported abalone over competition sourcing from Tokyo.

Source: Euromonitor International estimates as per Minato Yamaguchi's ranking of top fish wholesalers in Japan 2020

Leading brands offer convenient and attractive steamed abalone with soy sauce enhancing easy-to-prepare convenience

Ikiawabi/Mitsukoshi



Popular for sashimi

Steamed and dried local abalone processed directly in the Miyagi prefecture for Mitsukoshi Ginza department stores.

Abalone caught in the Miyagi region are highly popular for their texture, while exclusive distribution via department stores enhances premium appeal.

Nigai/Kaiya



Widely-used for gifting

Australian abalone are used for Nigai, dried abalone commercialised as a gift and popular among wealthy consumers in Japan.

Nigai is preferred by some consumers over fresh abalone for its longer shelf life and more tender texture without compromising nutritional properties.

Shingen Foods



Special gift for New Year

Shingen Foods is specialised in processing premium abalone and marketing them as a gift for special occasions through its e-commerce platform.

Steamed local abalone in soy sauce available in attractive carton boxes is its most popular product in Japan.

Import and Trade Regulatory Landscape

Japan is renowned for its traditional high consumption of seafood and the country is highly dependent on imports to meet local demand. As a result, Japanese authorities do not require strict and complicated packaging and labelling regulations to facilitate the required supply. Other exporters usually must comply with strict requirements in terms of temperatures during transportation and traceability of the shipment to reduce the risk of virus and food contamination.

Limited regulations on labelling and packaging simplify marketing and distribution of imported abalone



Packaging Requirements

Packaging regulations for fresh and processed abalone must comply with Food Sanitation Act

- There are specific packaging regulations for abalone or other seafood imported products. As with other fresh food products, the requirements on packaging must comply with the Food Sanitation Act by the Ministry of Health, Labour and Welfare (MHLW).
- No packaging or container material may contain or bear toxic or injurious substances and may injure human health by having harmful influence on foods and additives through contact.
- During the transportation process of fresh food products, all refrigerated packages need to be marked and labelled so handlers are aware of handling instructions, including: type of refrigerant inside cargo, amount of refrigerant, harvest and shipping date, etc.



Labelling Requirements

Country of origin is required for fresh food products but not in processed food

- Processed food seafood products, such as smoked abalone are required to show: Name of the product, country of origin, name and address of importer, ingredients and food additives in descending order of weight percentage, best-before date, storage instructions, allergen and genetically engineered additional labelling, if required.
- Country of origin labelling (COOL) is required when used as ingredients in foods manufactured in Japan. Imported processed foods are exempt from this requirement, however, the country of origin of the finished product is required on the label.
- Starting on 1 April 2022, Japanese food manufacturers will be required to identify the country or countries of all main ingredients. Imported processed foods, however, are exempt from including the country of origin of any ingredients that represent less than 50% of the total weight of the finished product.
- As of June 2020, abalone are not listed as mandatory to include allergen labelling, but health authorities suggest suppliers and importers include it.

Source: Euromonitor International as per Ministry of Health, Labour and Welfare (MHLW)

Strict indications on temperatures during transportation and fully detailed traceability is required as a safety measure



Transportation Requirements

Temperatures and packaging type used during transportation are clearly specified by format

- Average port-to-port **shipping times from ports in Australia to ports in Japan are 23-40 days** depending on the port of origin and destination. Shipment from Sydney to Tokyo might take 23 days while from Adelaide it could reach 40 days.
- When transported frozen, **no chemical food additives should be used** except sodium hypochlorite in the processing. Processed **fish products for raw consumption should be rapidly frozen** and frozen foods must be stored at temperatures **below -15 °C**.
- **Fresh fish and shellfish to be consumed raw should be stored in clean and hygienic containers** or packages at temperatures below 10 °C. Live abalone require tank-to-tank cargo transfer; the merchandise must be shipped from the last distribution point to the retailer or restaurant in a maximum of 48 hours.

Source: Euromonitor International as per Ministry of Health, Labour and Welfare (MHLW).



Documentation and Customs' Processes

Detailed traceability documentation on the entire transportation and storage is required

- Prior to import of any food or agricultural products, **importers must submit the Notification Form of Importation of Foods to the quarantine stations** at the port of entry.
- PSP Control Plan: This requires provision of a **full description of the primary method of preservation** (eg, fresh/live, frozen, canned), the form (eg live, whole, meat, tomalley) and any other secondary processing (cooked).
- Identification of the establishment where the abalone were stored, processed and packaged **with confirmation that the establishment(s) operated with a Quality Management Program Plan** or equivalent in compliance with the SIP Program requirements.
- Traceability by the firm to be able to effectively halt or recall the shipment (working with SIP) if a problem occurs after shipping.
- Tax clearance: Import taxes and consumption taxes to be paid.

There are 82 landing ports for fresh seafood in Japan, with Tokyo, Hakata and Kushiro handling more than 60% of abalone volume imported into the country

Japan's Ports of Entry



Port of Tokyo, Tokyo

Largest landing port for seafood in Japan due to proximity to Toyosu Central Market in Tokyo. The port has two terminals for marine and foodstuff products, five berths with 1,060 metres of storage area.



About 25% of total imported abalone is estimated to land at the Port of Tokyo. From there, the abalone are delivered to Toyosu Central Market where it is sorted for processing or sale.

Port of Hakata, Fukuoka (Kyushu Island)

Important landing port for fishing vessels from China and South Korea due to the geographic proximity and strategic location. The port is specialised in handling fresh and live seafood cargo, which is sorted and sold within the premises, in the market of Yanagibashi.



The Port of Hakata is estimated to handle over one third of all imported abalone from South Korea, equivalent to 23% of total imported abalone.

Port of Kushiro, Kushiro (Hokkaido)

Japan's largest port on the Pacific Coast and the most famous fish port in Japan for dredging and farming large scallops. Kushiro is the most important port for squid vessels in Japan and claims to handle the largest volume of fresh seafood in the country.



The Port of Kushiro handles over 15% of imported abalone and is home to the only abalone farm in the country.

Imports from Australia are free from tariffs until 1 April 2024

Japan's Tariffs and Quotas



HS code 030781: Live, Chilled, Fresh Abalone

HS code 030783: Frozen, In Shell Abalone

10%	Standard/General Tariff Rate
7%	World Trade Organization Tariff
0%	LDC Tariff Trade (Australia, Asian, LATAM)
2.5%	US and UK imports

HS codes 030787 and 030789: Smoked, Frozen, Dried, Salted or In Brine Abalone

9.6%	Standard/General Tariff Rate
6.7%	World Trade Organization Tariff
6.4%	GSP Tariff Rate
0%	LDC Tariff Rate (Australia, Asian, LATAM)

Signing of the Japan Australia Economic Partnership Agreement (JAEPA) in July 2014 removed tariffs on Australian imported fresh and processed fish and seafood until 2024. Japan has similar agreements with South Korea and China.

Increased import volumes of processed food in Japan have encouraged the government to implement stricter tariffs on smoked and processed abalone with countries with no trade partnership agreements.

Source: Euromonitor International as per Ministry of Foreign Affairs (MAFF) and the Japan International Cooperation Agency (JICA)

Opportunities and Challenges

Growth in demand is expected to be driven by the recovery of the foodservice channel, with most volumes coming from mainstream restaurants demanding low-cost imported abalone, benefiting growth of South Korean and Chinese imports. Nevertheless, decline in local production represents potential opportunities for Australian exporters as high-end seafood restaurants struggle to source local wild-caught giant abalone.



OPPORTUNITIES

Decline in local production of giant abalone influences demand for Australian imports in high-end restaurants

- Consumption of abalone in Japan is expected to recover over the forecast period as COVID-19 regulations recede in the foodservice channel.
- In spite of strong Japanese preference for locally-produced abalone, Australian imports are highly regarded as the best quality imports. Decline in supply of local abalone is likely to encourage high-end seafood and traditional Japanese restaurants and retailers to source Australian imported abalone as they are considered the best alternative to prized local wild-caught giant abalone.
- Increasing popularity of abalone as a gift to wish good health and luck and as easy-to-prepare premium seafood among consumers is expected to drive growth of processed abalone.



CHALLENGES

Increasing demand for abalone in mainstream restaurants and food processing will affect premium Australian imports

- South Korea and China pose strong competition to Australian abalone, mainly within the mass/mainstream positioning. Even though Australian imports remain the preferred premium imports, it is expected that an increase in import volumes of Chinese farmed giant abalone catering exclusively to the Japanese market could challenge Australia's current premium positioning.
- High prices of imported Australian abalone also make them unsuitable for mainstream restaurants, where South Korean imports are preferred for their low prices.

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Thank you

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