# Japanese import survey : descriptive analysis

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# Japanese Import Survey: Descriptive Analysis

Kaoru Nabeshima* and Etsuyo Michida**

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**Abstract**

Food importers, such as wholesalers and food processing firms, play an important role in sourcing food from abroad. They are also responsible for ensuring that imported food meets the food safety standards of the importing country. Often, assurance of conformity is done in collaboration with exporters. Thus, importers can influence how supply chains in developing countries are organized. This paper uses a unique dataset obtained from the Japanese market to examine how importers select suppliers and assure food quality.

**Keywords:** Food Standards Compliance, Importer, Supply Chain
**JEL classification:** D22, O12

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**Abstract**

Food importers, such as wholesalers and food processing firms, play an important role in sourcing food from abroad. They are also responsible for ensuring that imported food meets the food safety standards of the importing country. Often, assurance of conformity is done in collaboration with exporters. Thus, importers can influence how supply chains in developing countries are organized. This paper uses a unique dataset obtained from the Japanese market to examine how importers select suppliers and assure food quality.

## 1.1 Introduction

An increase in food and agricultural trade poses a challenge for countries to ensure the safety of the food supply in the domestic market. Many countries implement food safety regulations to ensure that domestic food production follows these regulations; they also conduct border control of imported food and reject unsatisfactory products, allowing only food that meets safety standards to enter the market. However, inspections at the border should be considered by the public entity as the last check of the safety of food items (including processed foods and raw agricultural products) before they enter the domestic market. To manage risks, some countries, such as the United States and those in the European Union, require additional process control and inspections of processing plants located in exporting countries. They allow products to be imported only if they are processed in these

certified plants. The EU conducts inspections based on rules for the hygiene of foodstuffs under the European Commission's Directorate General for Health and Consumers and the US introduced plant inspections through the Food Safety Modernization Act (FSMA). However, many other countries, including Japan, have not established such systematic inspections for foreign suppliers in exporting countries. Risk management for imported food is conducted in the private sector by both exporters and importers in efforts to meet the imported food safety standards of importing countries.

Methods to assure imported food quality through supply chains in exporting countries have been examined in previous studies, such as Mori, Nabeshima and Yamada (2013) and Suzuki and Nam (2013). However, supply chain structures are not formed by exporters alone. In order to ensure that final products meet the regulations of importing countries, importers (and retailers) can have a large influence on how the production chain is structured, especially via sourcing decisions. Dolan and Humphrey (2000) have shown how UK importers influence supply chain structures and affect the inclusion and exclusion of suppliers from supply chains in African countries. It is important to examine how importers interact with exporters through sourcing decisions.

Japan is an important destination market for many East Asian countries that export foodstuffs (IDE-JETRO and UNIDO 2013). Whether Japanese importers have actively restructured supply chains in Asia in the face of heightened concerns about food safety has not been examined extensively. To approach this question, this paper examines (1) the characteristics of Japanese importers and (2) how Japanese importers make decisions by selecting sourcing countries as well as suppliers in order to meet Japanese food safety regulations. This paper presents the descriptive statistics for a unique dataset that was collected for this study.

The main questions addressed in the survey are as follows:

1. How do Japanese importers choose countries from which to source produce and food?

2. How do importers select appropriate suppliers in a country?

3. In what way do importers assure imported food quality?

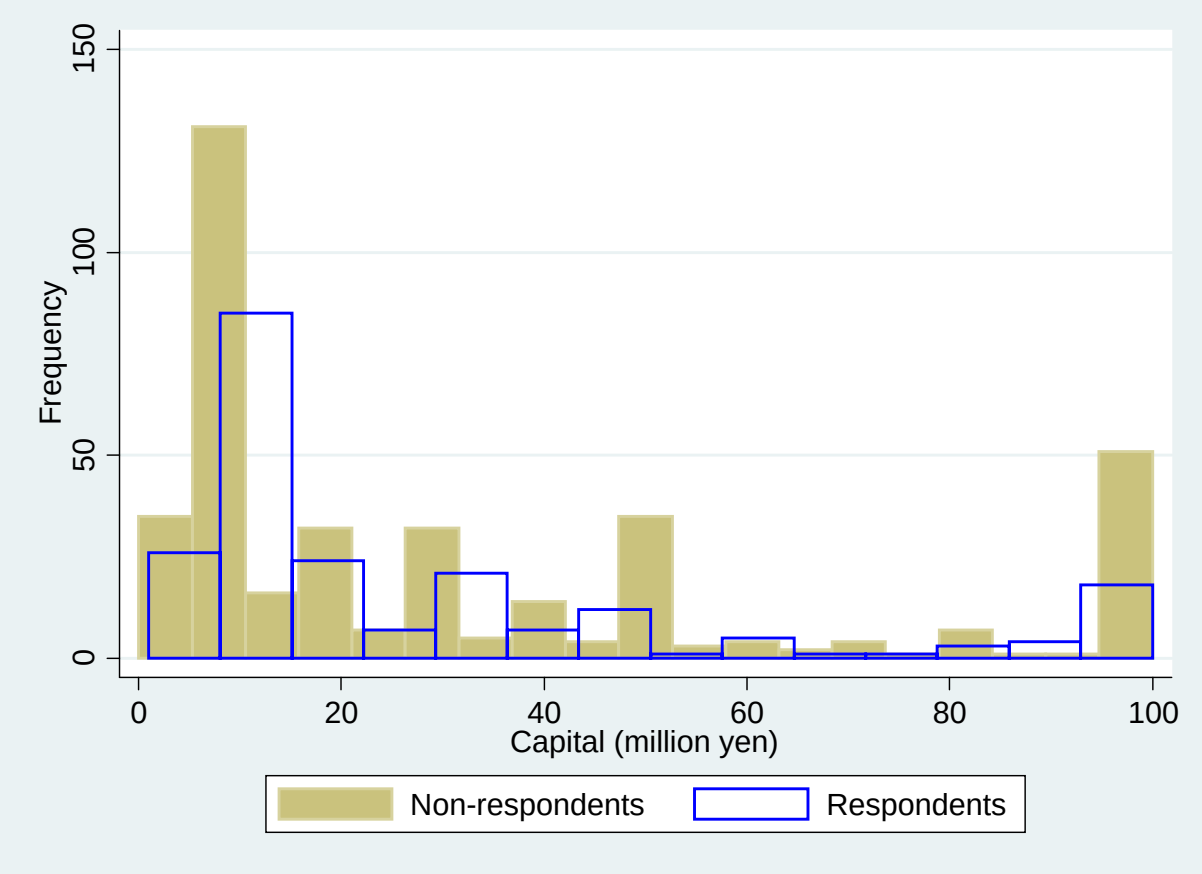
4. What are the experiences of importers with border control?

Section two describes the firm characteristics of the study sample. Section three discusses how firms select sourcing countries, the decisions of firms regarding suppliers, and how firms assure the quality of imported food. Section four discusses experiences with border rejection. Section five summarizes the conclusions.

## 1.2 Firm Characteristics in the Sample

We sent out a questionnaire to 600 firms that are engaged in the food business (either manufacturers of food products or importers of food products). First, we selected firms that are engaged in either direct or indirect import of agricultural and food products from the Teikoku Data Bank. From this set of firms, we selected 600 that reflect the overall distribution of firms in the database. We received responses from 215 of these firms. Respondents were categorized as wholesalers or manufacturers.

**Figure 1: Distribution of firms by capital**

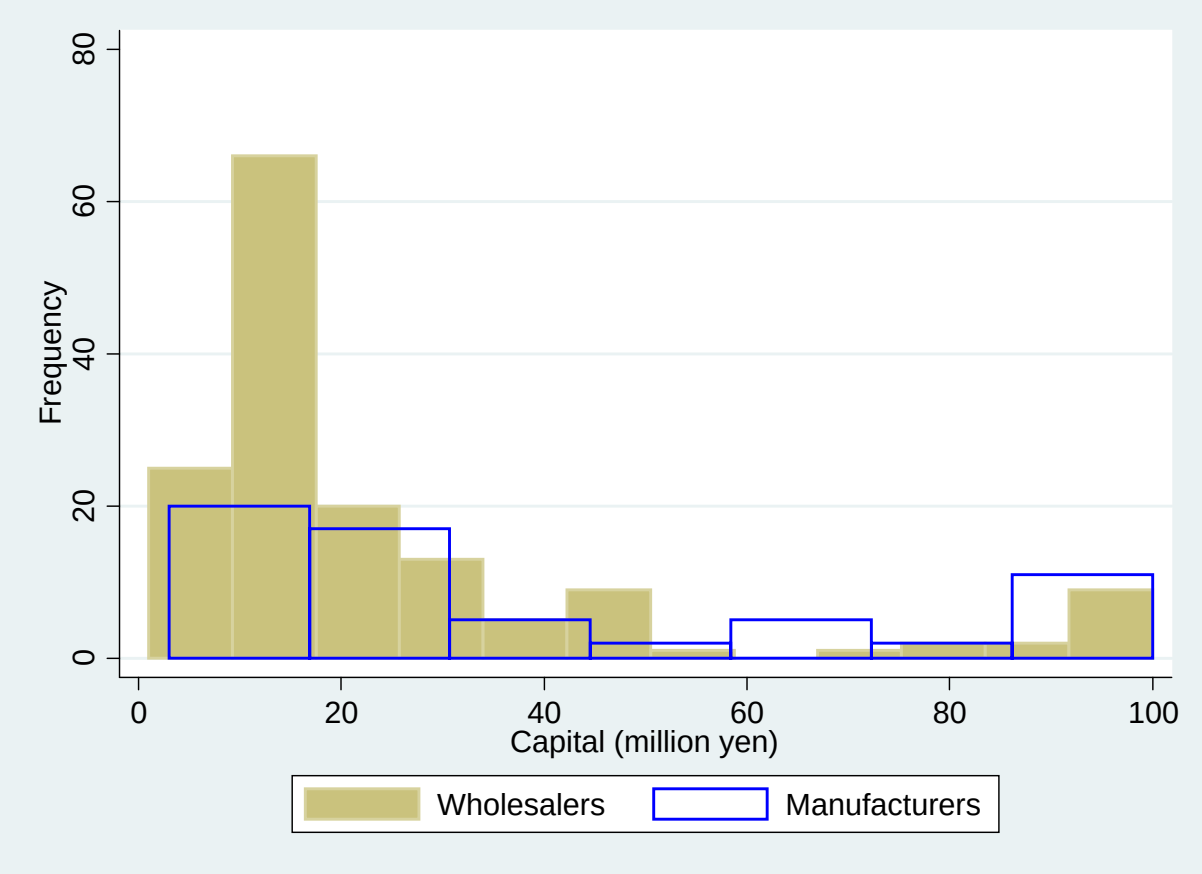



Source: Created by the authors.

Figure 1 shows the distribution of firms according to their capital. Many firms were small and medium enterprises (SMEs).[1] The respondents were not markedly different from the overall sample.

[1] Although the definition of SMEs differs among sectors, if a firm's registered capital is less than 30 million yen, it is regarded as an SME, regardless of sector.

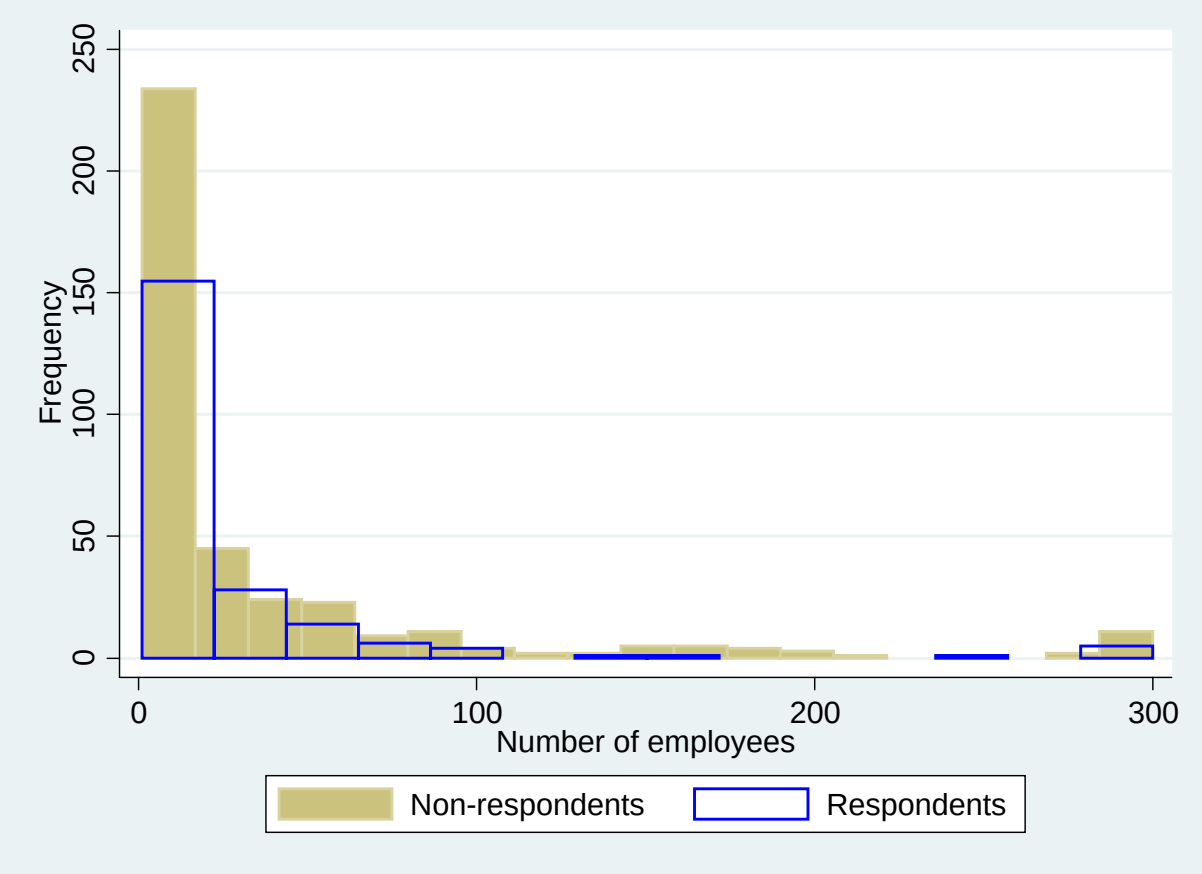
**Figure 2: Differences in capital by wholesalers and manufacturers**




Source: Created by the authors.

The respondents included firms whose main line of business was manufacturing and firms whose main line of business was wholesale. Wholesalers tended to operate with less capital than manufacturers. There were many more wholesalers with capital of less than 20,000,000 yen (see Figure 3).

**Figure 3: Distribution of firms by employment**

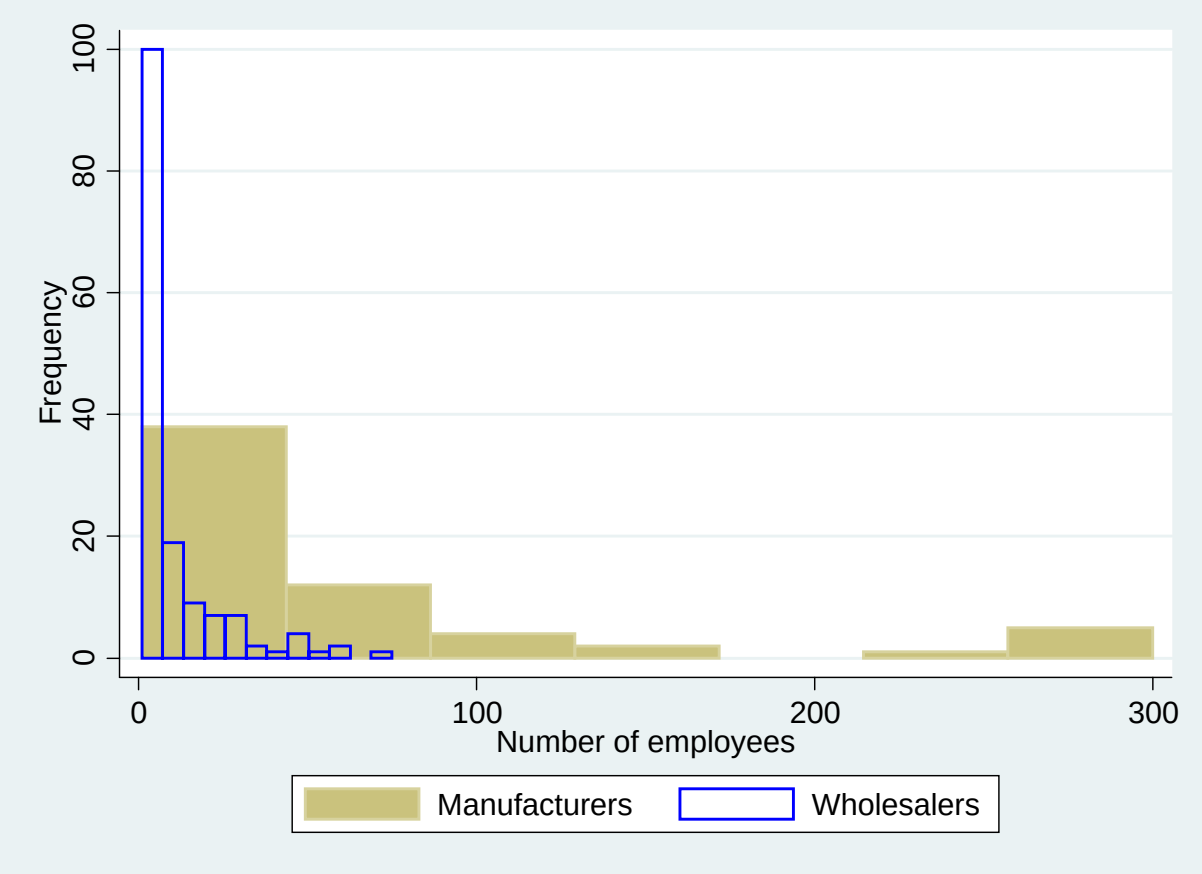



Source: Created by the authors.

Similarly, Figure 3 shows the difference in the distribution of firms according to employment (number of employees) between respondents and non-respondents. Again, our sample included many SMEs.[2] Respondents and non-respondents did not differ substantially with respect to employment.

[2] The definition of SMEs in terms of employment is those establishments with fewer than 300 employees for manufacturing, and fewer than 100 for the service industry (with the exception of retail, in which is it fewer than 50).

**Figure 4: Differences in employment between wholesalers and manufacturers**




Source: Created by the authors.

There was a clear difference between manufacturers and wholesalers. As expected, manufacturers tended to be larger establishments. Compared with manufacturers, wholesalers employed far fewer people. This was consistent with the previous pattern in which wholesalers had less capital, although the differences are more marked with respect to employment.

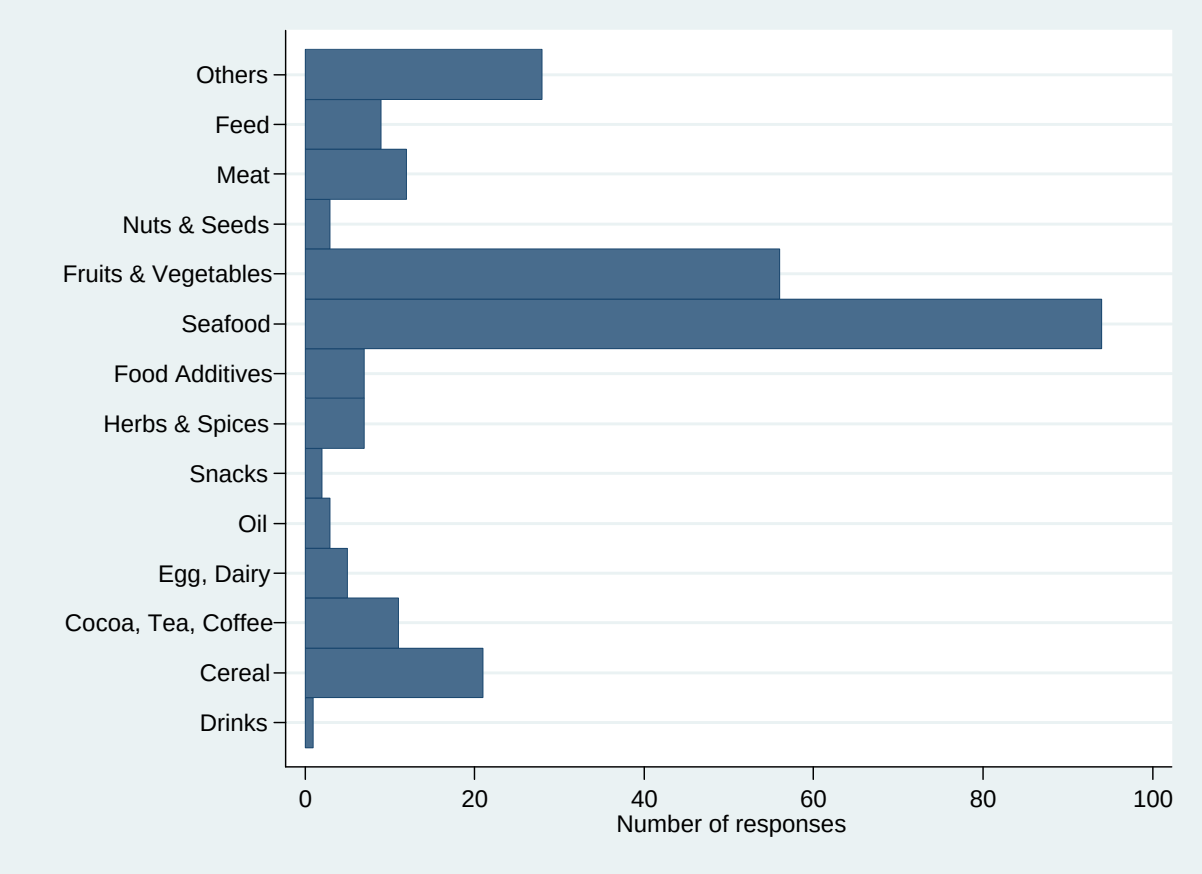
**Table 1: Distribution of firms that responded to the questionnaire by industrial sector**

| Sector | Number of respondents | % |
|---|---|---|
| Fresh fish wholesale | 72 | 33.49 |
| Dried food wholesale | 21 | 9.77 |
| Vegetable wholesale | 17 | 7.91 |
| Grains, beans wholesale | 15 | 6.98 |
| Meat, poultry Wholesale | 11 | 5.12 |
| Coffee, tea wholesale | 5 | 2.33 |
| Other agro, meat, poultry, seafood wholesale | 5 | 2.33 |
| Fruits wholesale | 3 | 1.40 |
| Canned or jarred food wholesale | 3 | 1.40 |
| Rice, wheat wholesale | 1 | 0.47 |
| Other food manufacturing | 15 | 6.98 |
| Other seafood manufacturing | 10 | 4.65 |
| Pickles | 8 | 3.72 |
| Canned vegetable, fruits manufacturing | 5 | 2.33 |
| Frozen seafood manufacturing | 5 | 2.33 |
| Dairy products manufacturing | 4 | 1.86 |
| Seaweed processing | 3 | 1.40 |
| Frozen ready meal manufacturing | 3 | 1.40 |
| Ready meal manufacturing | 2 | 0.93 |
| Malt, bean sprout grower | 1 | 0.47 |
| Starch manufacturing | 1 | 0.47 |
| Fish paste food manufacturing | 1 | 0.47 |
| Tea processing | 1 | 0.47 |
| Other food manufacturing from meat and poultry | 1 | 0.47 |
| Tofu and related foodstuffs manufacturing | 1 | 0.47 |
| Meat product manufacturing | 1 | 0.47 |

Source: Created by the authors.

Table 1 lists the firms and their industrial sectors. Among 215 respondents, 153 firms were wholesalers and 62 were manufacturers of food products. Among the wholesalers, those engaged in fresh seafood were the largest group that responded to our questionnaire (72 responses, 33.5%), followed by those engaged in non-refrigerated food products. Among the manufacturers, a wide variety of food products were represented, including pickled vegetables, canned food, frozen food, and prepared food.

**Figure 5: Types of products imported**

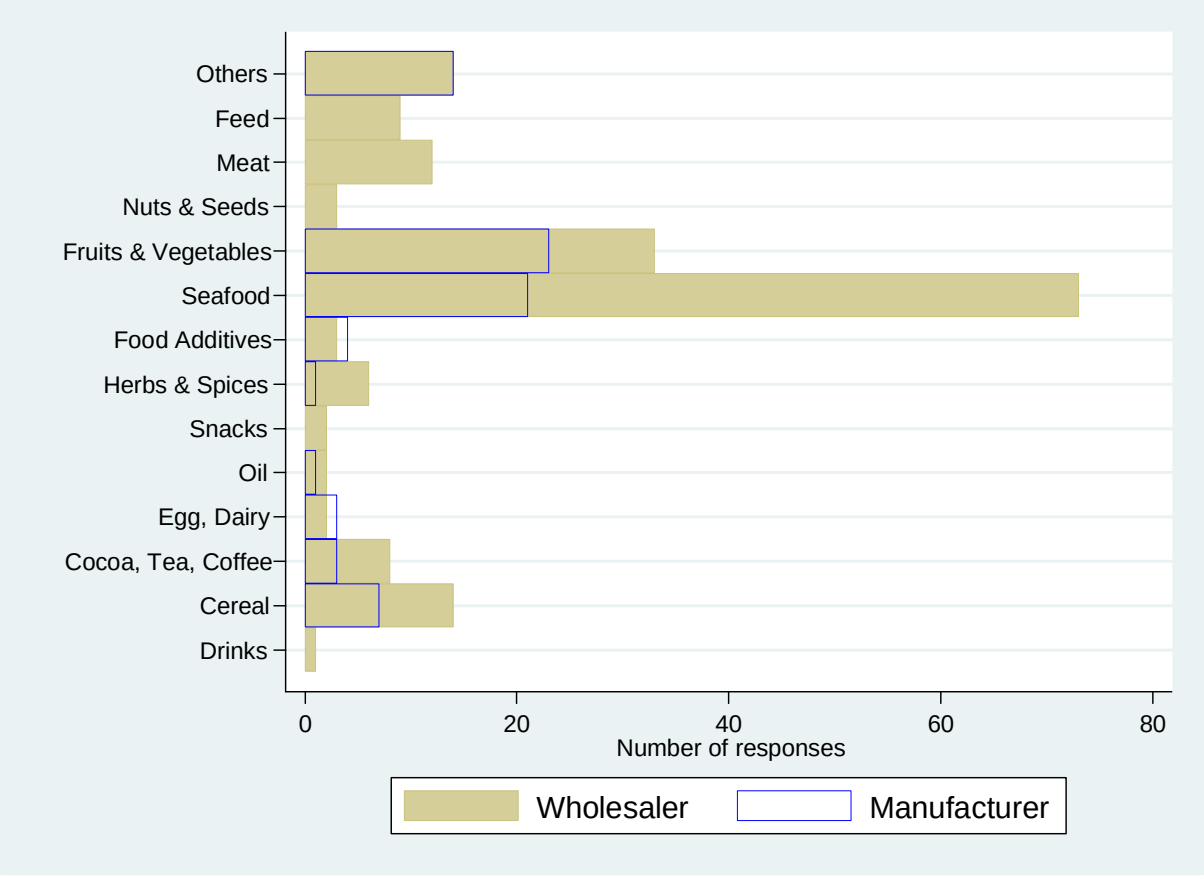



Note: Multiple answers allowed.

Source: Created by the authors.

Figure 5 shows the distribution of food items imported by respondents. Reflecting the distribution of sectors represented by the respondent firms, seafood was the most imported product (94 firms), followed by fruits and vegetables (56 firms).

**Figure 6: Differences in products imported between wholesalers and manufacturers**




Source: Created by the authors.

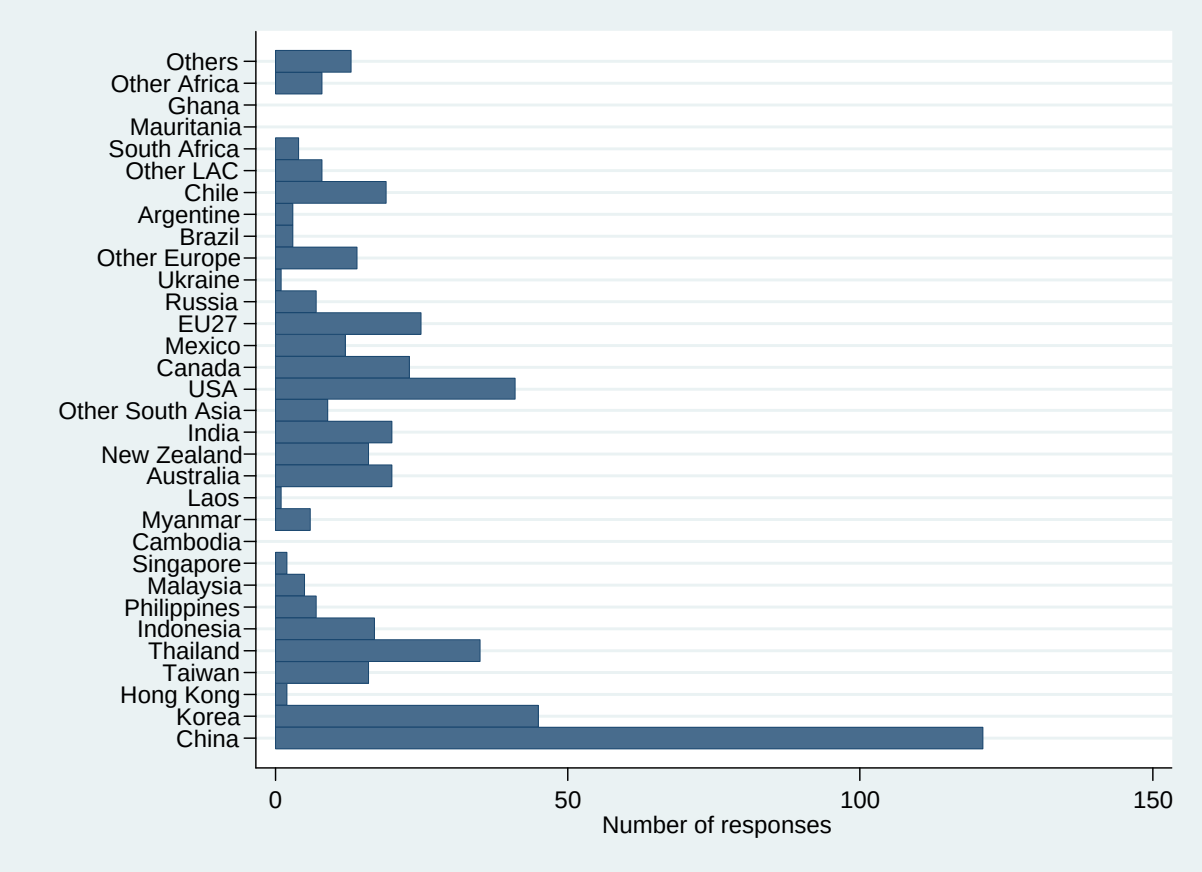
Figure 6 shows that wholesalers tended to import a greater variety of products than did manufacturers. While it is understandable that no manufacturers import snacks, drinks, and feed, there were also no manufacturers that import meat, nuts, and seed, which can be used as inputs for their products.

## 1.3 Examination of the Survey Data

In this section, we examine the countries from which the sampled firms import agricultural and food products, the criteria importers use to select suppliers, the way in which importers assure the quality of imported foods, and their experience with border control.

### 1.3.1 Countries of origin for imported food

**Figure 7: Distribution of countries of origin**



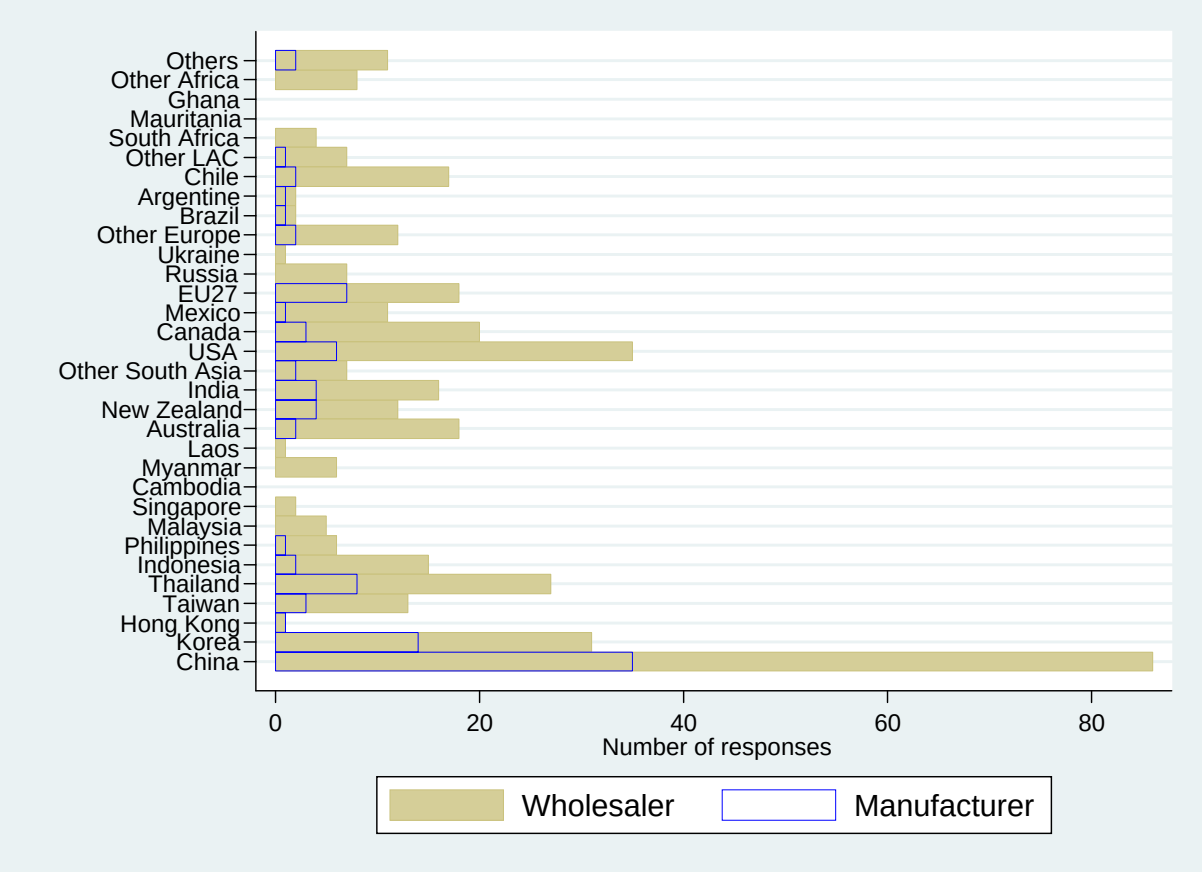

Note: Multiple answers allowed.

Source: Created by the authors.

Figure 7 shows the countries from which respondent firms imported products. By far, China was the most highly represented country for imported food products, reflecting the overall trend in Japanese food imports and distance. Following China, respondent firms imported food products from Korea, the USA, and Thailand. After these countries were typical agriculture and food exporters, such as Australia, New Zealand, Canada, and EU27 countries, in addition to India. Among Latin American countries, only Chile was mentioned

frequently.[3]

**Figure 8: Differences in countries of origin of imports between wholesalers and manufacturers**




Source: Created by the authors.

Perhaps reflecting differences in the variety of products that are imported, the wholesalers tended to import from a much wider set of countries than the manufacturers did. However, among both manufacturers and wholesalers that import, the distribution of countries seems similar.

[3] Japan and Chile have an economic partnership agreement

**Table 2: Reputation of the country of origin**

| Country | Number of observations | Average |
|---|---|---|
| Australia | 19 | 1.6 |
| EU27 | 25 | 1.9 |
| Other Europe | 12 | 2.0 |
| USA | 37 | 2.1 |
| New Zealand | 17 | 2.1 |
| Taiwan | 14 | 2.1 |
| Canada | 19 | 2.1 |
| Other LAC | 8 | 2.1 |
| Others | 9 | 2.2 |
| Thailand | 31 | 2.2 |
| Other Africa | 8 | 2.3 |
| Myanmar | 6 | 2.3 |
| Mexico | 12 | 2.3 |
| China | 107 | 2.4 |
| Other South Asia | 8 | 2.4 |
| Chile | 18 | 2.4 |
| Korea | 34 | 2.5 |
| Indonesia | 17 | 2.5 |
| Philippines | 7 | 2.9 |
| India | 19 | 3.3 |

Note: 1 - very satisfied to 5 - very unsatisfied. Limited to countries receiving at least 5 responses. Multiple answers allowed.

Source: Created by the authors.

How do importers choose sourcing countries? In our questionnaire, the respondents were asked to rate the reputation of the country from which they imported their products. Among countries receiving at least 5 responses, Australia ranked at the top in terms of good reputation, followed by European countries, the US, and New Zealand (see Table 2). Relative to the high-income countries, the reputations of East Asian countries were less favorable. There does not appear to be a clear relationship between the actual source countries and reputation levels. That is, it is not necessarily the case that more sourcing is done from countries with better reputations. This suggests that more effort is required for importers to assure the quality of imports produced in less reputable countries.

**Table 3: Differences in reputations of source countries between manufacturers and wholesalers**

| Manufacturers | | | Wholesalers | | |
|---|---|---|---|---|---|
| Country | Number of responses | Average | Country | Number of responses | Average |
| EU27 | 7 | 1.9 | Australia | 17 | 1.6 |
| Thailand | 6 | 2.2 | USA | 32 | 1.9 |
| Korea | 9 | 2.4 | EU27 | 18 | 1.9 |
| China | 29 | 2.4 | New Zealand | 13 | 2.0 |
| | | | Canada | 17 | 2.0 |
| | | | Taiwan | 11 | 2.1 |
| | | | Other Europe | 10 | 2.1 |
| | | | Other LAC | 7 | 2.1 |
| | | | Mexico | 11 | 2.2 |
| | | | Thailand | 25 | 2.2 |
| | | | Other Africa | 8 | 2.3 |
| | | | Myanmar | 6 | 2.3 |
| | | | Other South Asia | 6 | 2.3 |
| | | | China | 78 | 2.3 |
| | | | Others | 7 | 2.4 |
| | | | Chile | 17 | 2.5 |
| | | | Korea | 25 | 2.5 |
| | | | Indonesia | 15 | 2.5 |
| | | | Philippines | 6 | 3.0 |
| | | | India | 16 | 3.3 |

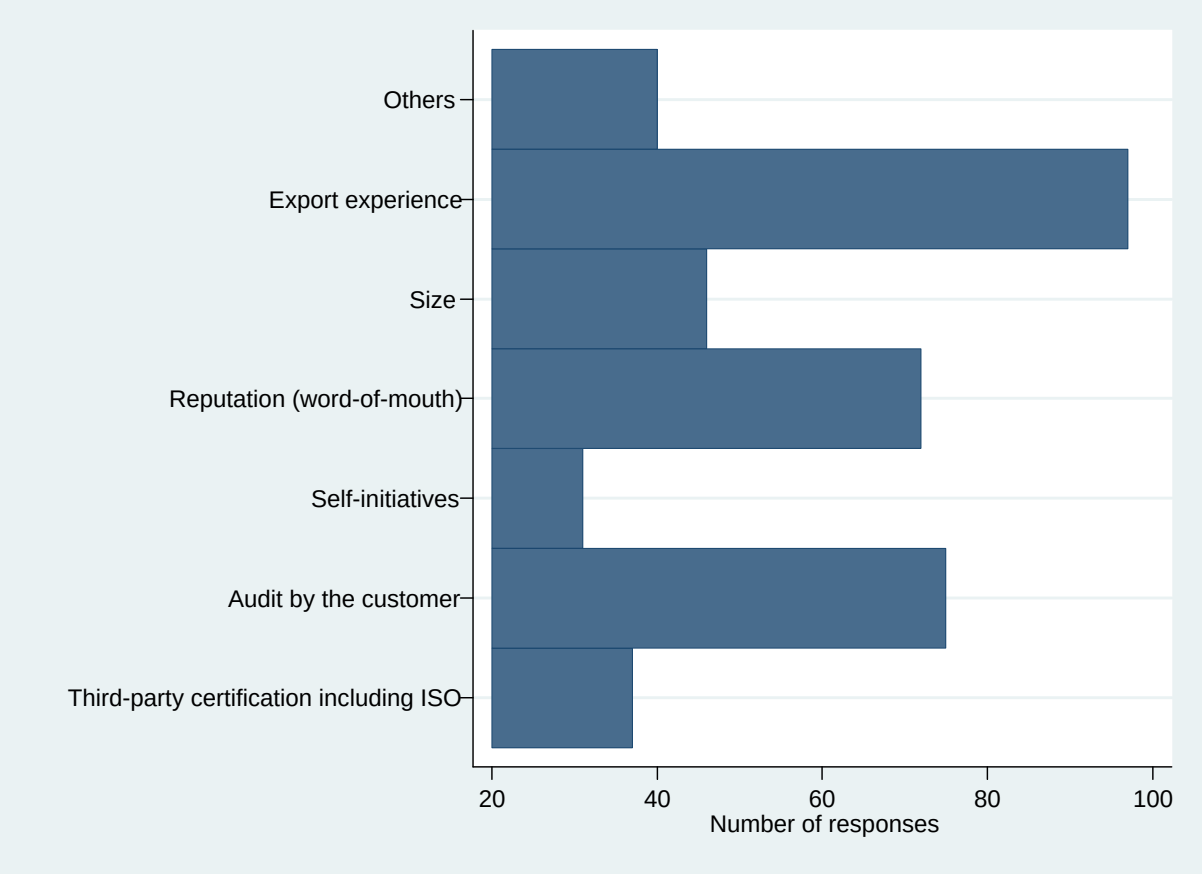
Source: Created by the authors.

Only four countries or regions received more than 5 responses by manufacturers regarding reputation: EU27 countries, Thailand, Korea, and China. For wholesalers, the number of countries was larger and their responses were similar to the overall responses.

### 1.3.2 Selection of Suppliers

Next, we analyzed the criteria used by importers to select suppliers. Of interest to us is whether Japanese importers utilize private standards backed by third-party certification.

**Figure 9: Distribution of methods for identifying potential exporters**




Note: Multiple answers allowed.

Source: Created by the authors.

When selecting potential partners, Japanese importers valued “past export experience” most highly (see Figure 9). Importing firms also conducted audits of exporting firms to ensure the quality of their products. Importing firms also rely on the “reputation of exporting firms” (often word of mouth). Only 37 firms that answered that some kind of third-party certification is important in selecting their partners.

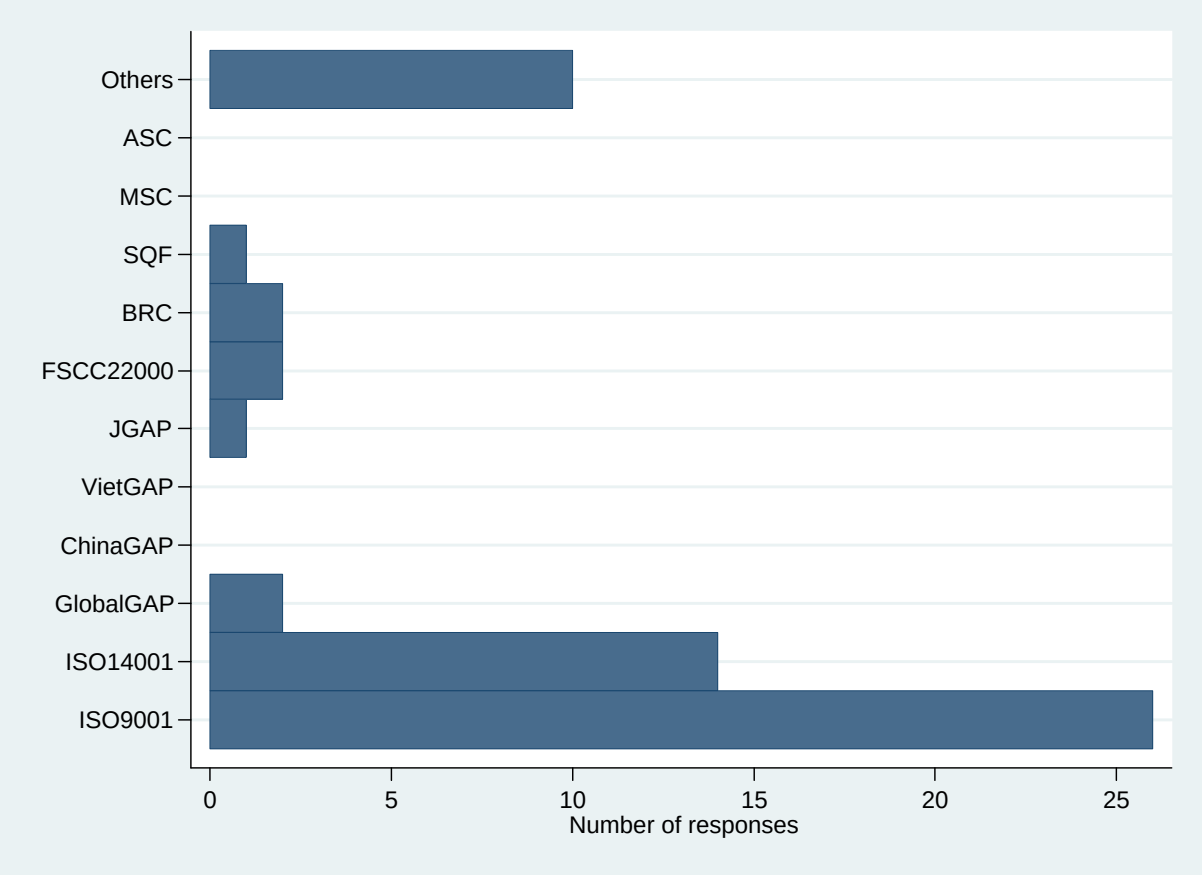
**Figure 10: Difference in selection criteria between wholesalers and manufacturers**


Source: Created by the authors.

The selection criteria did not differ significantly between manufacturers and wholesalers.

### 1.3.3 Quality assurance of imported food

**Figure 11: Required certifications**




Note: Multiple answers allowed.

Source: Created by the authors.

Figure 11 shows the distribution of certifications sought by importing firms. The most frequently required certificates were ISO9001 and ISO14001, which are international certificates that are currently required for most exporting firms. Few importers required firms to obtain certificates specifically aimed at agricultural and food products, such as GlobalGAP, JGAP, FSCC22000, BRC (British Retail Consortium Global Standard), and SQF (Safe Quality Food).[4] The "others" included HACCP (Hazard Analysis and Critical Control Point)

[4] On the diffusion of GlobalGAP in East Asia, please see Nabeshima and others (2015) and Lei (2015) on

and ISO22000, which are requirements imposed by the US Food and Drug Administration. In the sample, no firm required certificates from the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC), both of which are related to seafood.

**Table 4: Methods to ensure the quality of imported products**

| Method | Number of responses | % |
|---|---|---|
| Leave it to the exporters | 33 | 17.9 |
| Provide necessary information to exporters | 62 | 33.7 |
| Send our technicians | 65 | 35.3 |
| Require an international certificate | 3 | 1.6 |
| Require a Japanese certificate | 3 | 1.6 |
| Others | 18 | 9.8 |

Source: Created by the authors.

In our questionnaire, we asked how importing firms ensure the quality of products that they import and whether they provide any kind of assistance or have additional requirements, such as certificates. Table 4 lists various actions taken by importers. Importers appear to be proactively engaged with exporters to ensure that exporters meet the quality standard that importers seek by sending technicians (65 firms) or providing necessary information to exporters (62 firms). Only one-third of importers have exporters deal with quality issues on their own. Very few firms require exporters to obtain certificates (international or Japanese) to ensure quality. This is contrary to the behavior of EU and US importers, which tend to require certificates from private standard schemes, such as GlobalGAP (UNIDO 2015).

ChinaGAP.

**Table 5: Ensuring the quality of imported products**

| Inspection Method | Number of Responses | % |
|---|---|---|
| Certificate from exporting country | 33 | 18.2 |
| Certificate from a third country | 4 | 2.2 |
| Certificate from Japan | 41 | 22.7 |
| Own inspection | 93 | 51.4 |
| Others | 10 | 5.5 |

Source: Created by the authors.

When importers receive imported products, the importers themselves conduct inspections to ensure that imported products meet quality standards (see Table 5). Forty-one firms require certificates from Japanese inspection entities, and 33 firms require such certificates from exporting countries.

**Table 6: Frequency of defects**

| Defect rate | Number of responses | % |
|---|---|---|
| less than 1% | 97 | 51.05 |
| 1-5% | 63 | 33.16 |
| 5-10% | 18 | 9.47 |
| 10-20% | 8 | 4.21 |
| 20-30% | 4 | 2.11 |

Source: Created by the authors.

Table 6 lists the frequency of defects. For most firms, the defect rate was less than 1%. However, some firms reported defect rates of more than 10%.

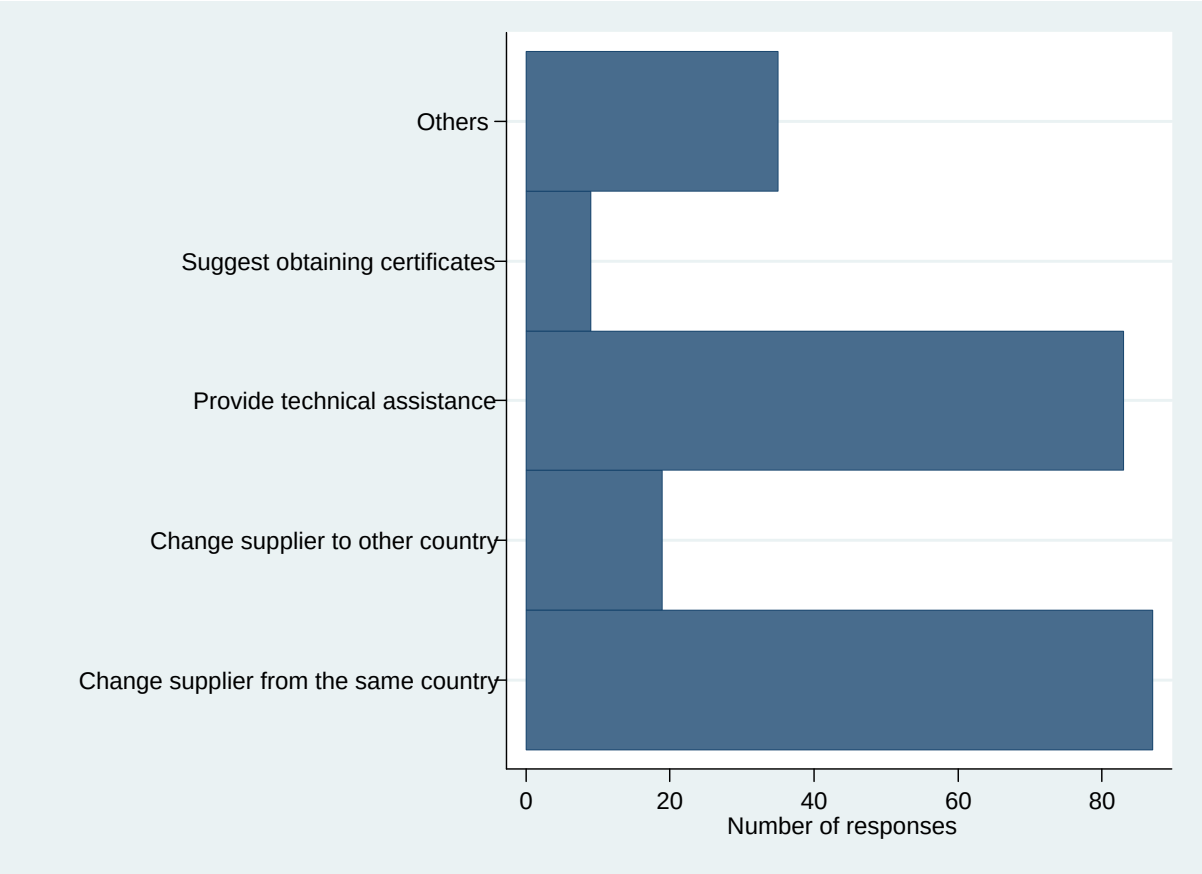
**Table 7: Difference in defect rate between wholesalers and manufacturers**

| | Wholesalers | Manufacturers |
|---|---|---|
| less than 1% | 69 | 28 |
| 1-5% | 46 | 17 |
| 5-10% | 14 | 4 |
| 10-20% | 7 | 1 |
| 20-30% | 3 | 1 |

Source: Created by the authors.

Wholesalers appear to face more problems with defective goods.

**Figure 12: Measures taken when defect rates are high**

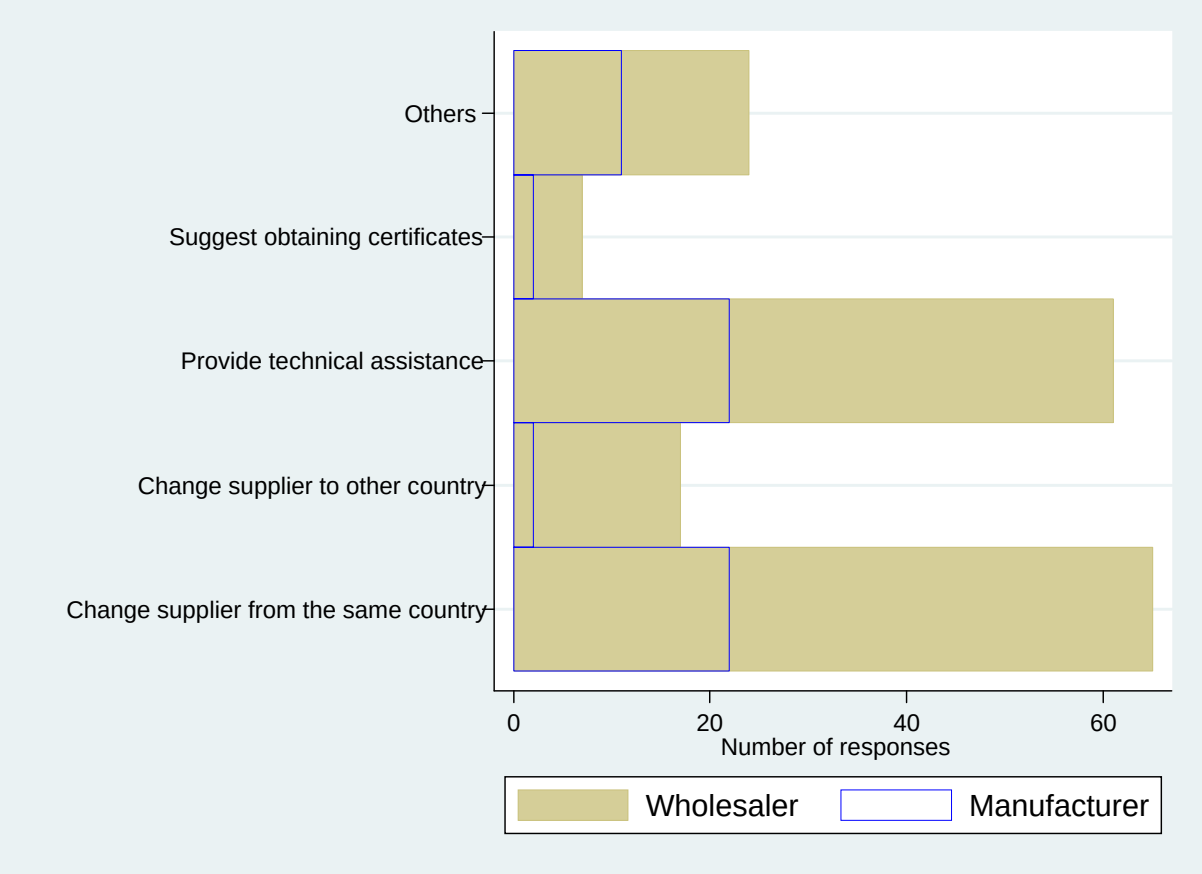



Source: Created by the authors.

We asked about the kinds of measures that a firm takes when it experiences high defect rates among products supplied by partner firms. There were apparently two distinctly different approaches taken by firms. Some firms (n = 87) opted to switch suppliers (although they did not change the country from which they imported products) (see Figure 12). However, 83 firms opted to provide technical assistance so that the supplier firms could

improve their quality. Switching suppliers implies that importers cut failed exporters out of the supply chain and replace them with alternative suppliers that can meet their requirements. Staying with the same exporter implies that importers try to strengthen their existing supply chains by providing assistance to exporters. Other measures typically include reductions in purchasing prices.

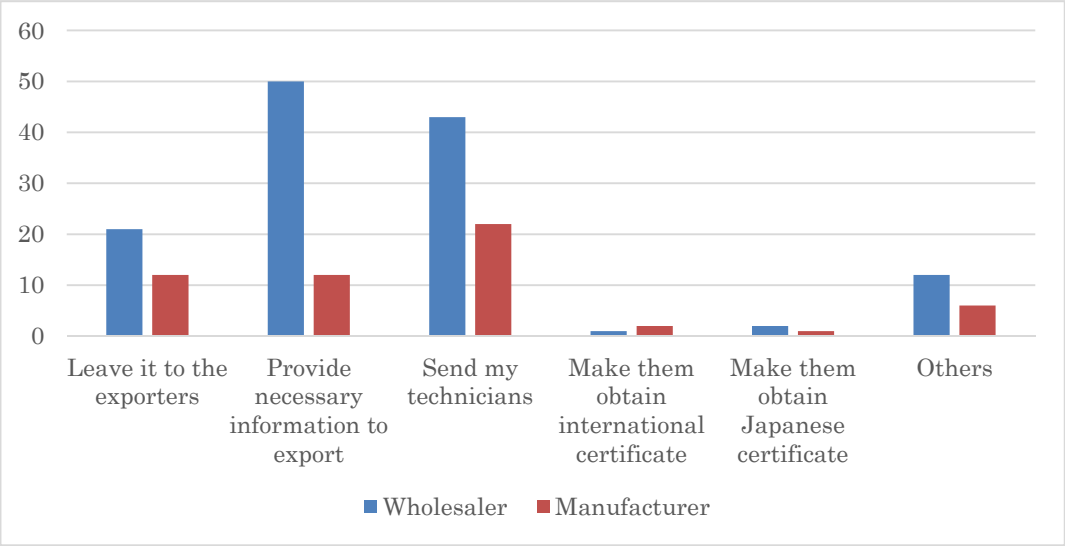
**Figure 13: Differences in measures taken between wholesalers and manufacturers**




Source: Created by the authors.

This pattern appeared to be similar between wholesalers and manufacturers and there were no systematic differences between the two.

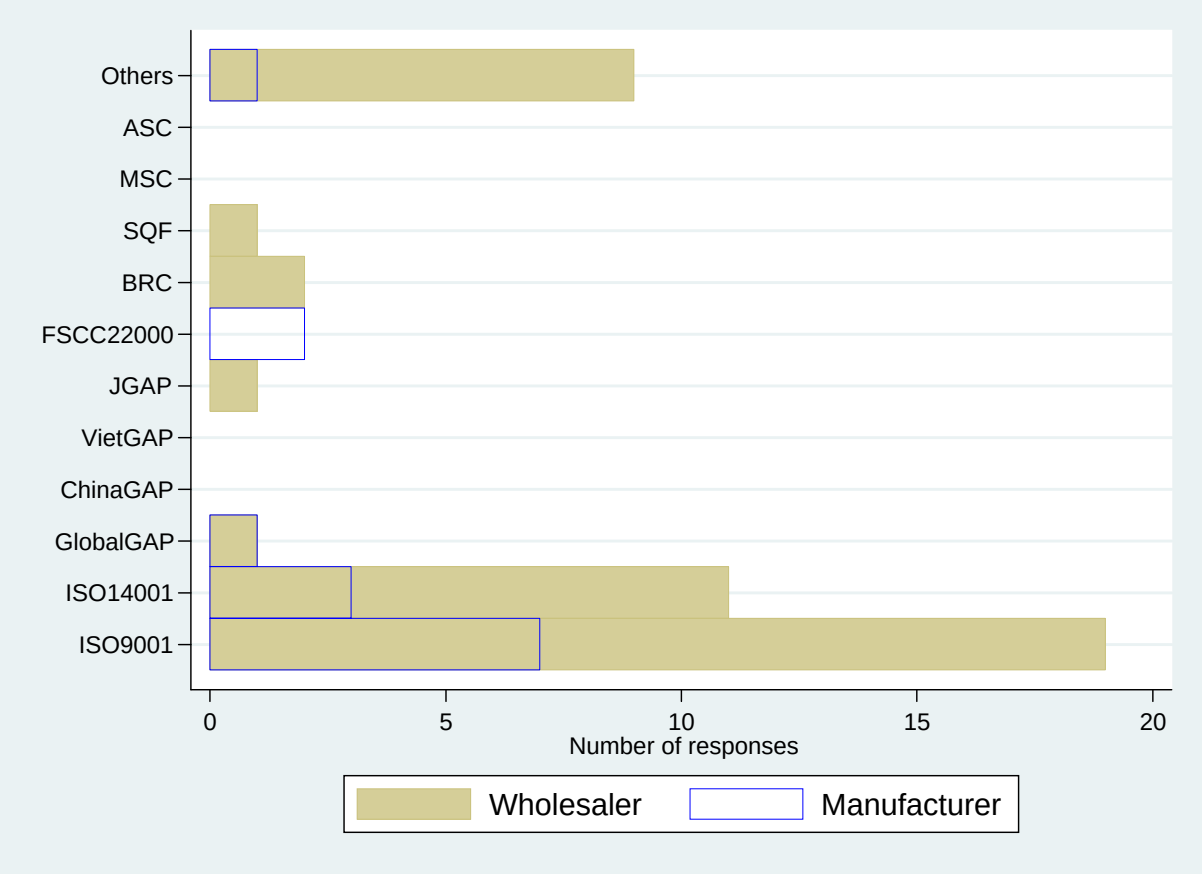
**Figure 14: Differences in measures to ensure quality between wholesalers and manufacturers**




Source: Created by the authors.

In order to correct quality control problems, wholesalers tended to provide only necessary information to suppliers, and leave solutions to the initiative of suppliers, whereas manufacturers tended to send technicians to ensure that suppliers can meet the quality standards (see Figure 14).

**Figure 15: Certificate requirements for wholesalers and manufacturers**




Source: Created by the authors.

There were marked differences between wholesalers and manufacturers with respect to requirements for certification. Only manufacturers required FSCC22000 certifications from suppliers. Manufacturers also required suppliers to have GlobalGAP certification, as well as ISO9001 and ISO14001. In contrast, wholesalers required JGAP, GlobalGAP, BRC, and SQF, which are specific to agricultural and food products, as well as general certifications, such as ISO9001 and ISO14001.

**Table 8: Differences in inspection methods between wholesalers and manufacturers**

| | Wholesaler | Manufacturer |
|---|---|---|
| Certificate from exporting country | 27 | 6 |
| Certificate from a third country | 4 | 0 |
| Certificate from Japan | 28 | 13 |
| Own inspection | 63 | 30 |
| Others | 7 | 3 |

Source: Created by the authors.

Both wholesalers and manufacturers relied on their own inspections to ensure the quality of the products that they procured. Wholesalers tended to utilize certificates from exporting countries more so than manufacturers. This behavior, with less usage of private standards requiring third-party certification, shows a marked contrast with EU retailers. EU retailers have asked suppliers abroad to be certified by third-party standard schemes, such as GlobalGAP or BRC. In contrast, Japanese wholesalers and manufacturers tended to conduct inspections on their own, without utilizing various standard schemes. Thus, Japanese firms tended to rely more heavily on second-party audits, rather than third-party certification schemes.

## 1.4 Experiences with border control

Many products are rejected at the border because they do not meet the regulations imposed by importing countries. It seems that agricultural and food products are often affected by these regulations because they need to meet food safety regulations. Developing countries often face significant issues in meeting these regulations (IDE-JETRO and UNIDO 2013;UNIDO 2010;2015).

**Table 9: Years when products were rejected at the border**

| Year | Number of Responses | % |
|---|---|---|
| 1999 | 1 | 3.33 |
| 2001 | 1 | 3.33 |
| 2002 | 1 | 3.33 |
| 2005 | 1 | 3.33 |
| 2006 | 2 | 6.67 |
| 2007 | 1 | 3.33 |
| 2008 | 2 | 6.67 |
| 2009 | 1 | 3.33 |
| 2010 | 1 | 3.33 |
| 2011 | 4 | 13.33 |
| 2012 | 4 | 13.33 |
| 2013 | 9 | 30 |
| 2014 | 1 | 3.33 |
| Unknown | 1 | 3.33 |

Source: Created by the authors.

Among the respondents, 37 firms experienced port rejections at Japanese borders, but only 29 firms indicated when their products were rejected (see Table 9). The largest number of border rejections was found in 2013.

There were 27 wholesalers and 10 manufacturers who experienced port rejections.

**Table 10: Products rejected at the Japanese border**

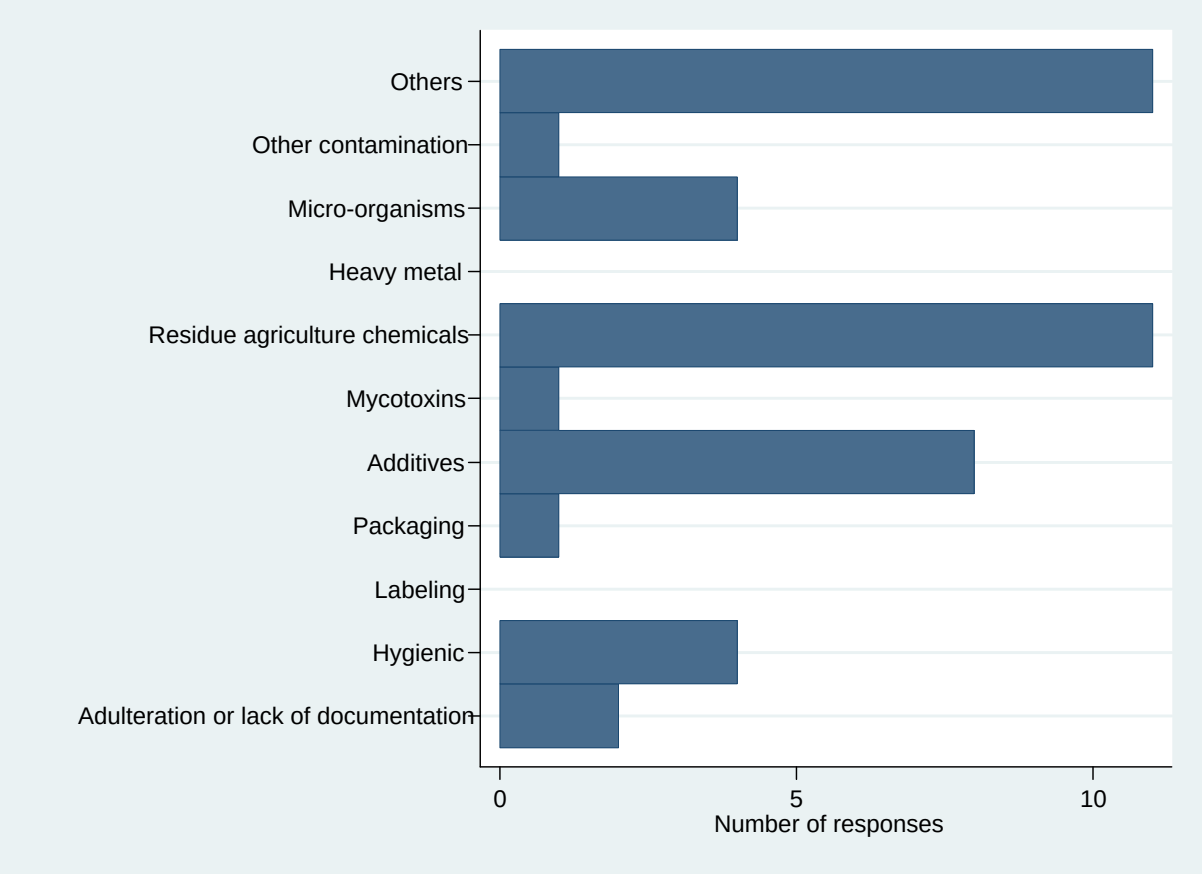
| Product | Number of Observations | % |
|---|---|---|
| Fried fish ball | 1 | 3.0% |
| Farmed shrimp | 1 | 3.0% |
| Mackerel fillets | 2 | 6.1% |
| Cut octopus (boiled) | 1 | 3.0% |
| Scallop (boiled) | 1 | 3.0% |
| Squid (frozen) | 1 | 3.0% |
| Bonito (frozen) | 1 | 3.0% |
| Sole | 1 | 3.0% |
| Grilled fish | 1 | 3.0% |
| Salmon | 1 | 3.0% |
| Shellfish | 1 | 3.0% |
| Wood ear mushroom | 3 | 9.1% |
| Dried tomatoes | 1 | 3.0% |
| Semi-dried tomatoes (frozen) | 1 | 3.0% |
| Edamame (boiled) | 1 | 3.0% |
| Blueberry | 1 | 3.0% |

| | | |
|---|---|---|
| Lima beans | 1 | 3.0% |
| Cumin | 1 | 3.0% |
| Pepper | 1 | 3.0% |
| Vegetables (frozen) | 1 | 3.0% |
| Ginger (salted) | 1 | 3.0% |
| Ginger | 1 | 3.0% |
| Buckwheat | 2 | 6.1% |
| Cow tongue | 1 | 3.0% |
| Salami | 1 | 3.0% |
| Linseed Oil | 1 | 3.0% |
| Carbonated drinks | 1 | 3.0% |
| Sweetened milk preparations | 1 | 3.0% |
| Microbial biocontrol agent | 1 | 3.0% |
| Total | 33 | 100.0% |

Source: Created by the authors.

Table 10 lists products that were rejected at the Japanese border. This list includes many seafood- and vegetable-related items, reflecting the sampled firms. The trend is consistent with country-wide Japanese border rejection data (IDE-JETRO and UNIDO 2013, 27-28).

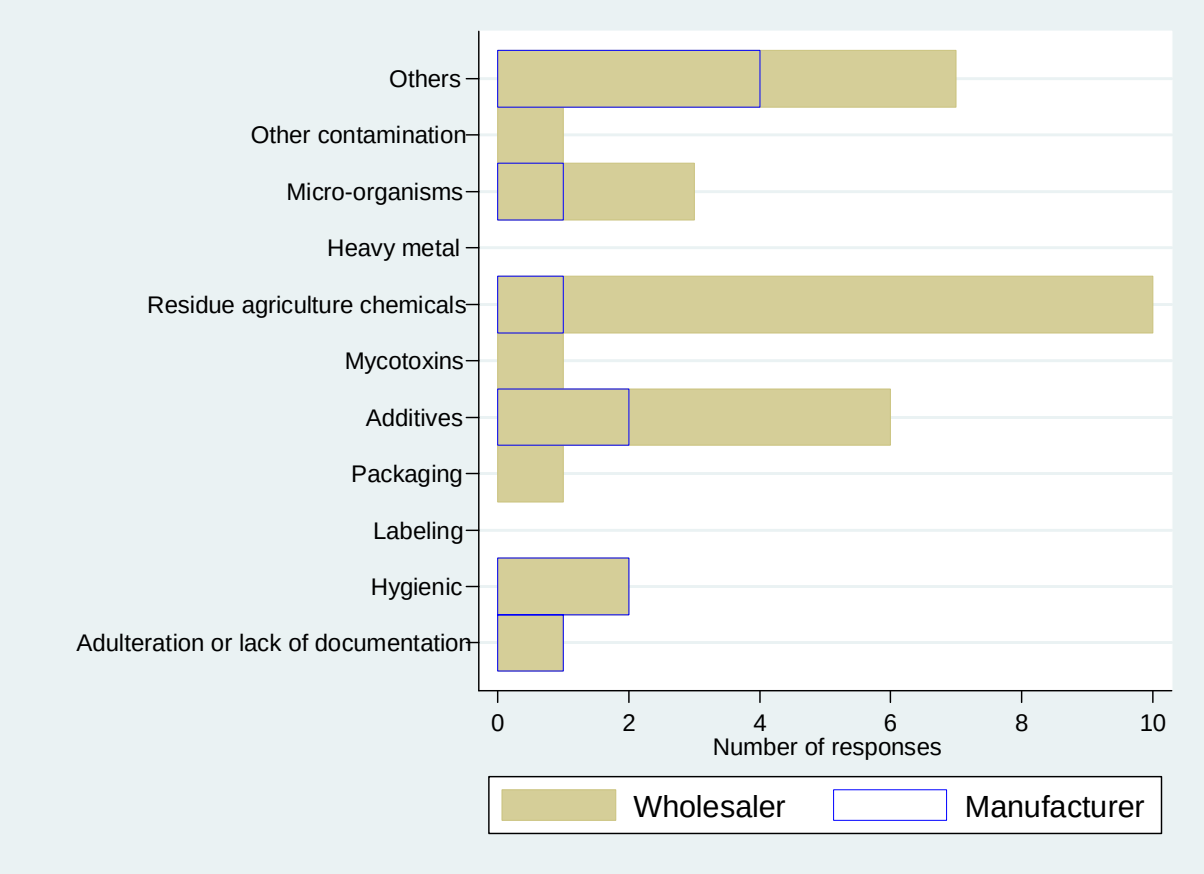
**Figure 16: Reasons for rejections**




Source: Created by the authors.

These products were primarily rejected for excessive amounts of agricultural chemical residues and the use of prohibited additives (see Figure 16). Sufficient information on permitted substances (agricultural chemicals and additives) and careful management of agriculture chemicals could reduce the number of rejections.

**Figure 17: Differences in reasons for border rejections between wholesalers and manufacturers**




Source: Created by the authors.

Both wholesalers and manufacturers experienced rejections for similar reasons, but these reasons reflected the types of products imported by wholesalers, which tended to face more problems with products that contain excessive amounts of agriculture chemical residues.

## 1.5 **Conclusions**

What are the major concerns of importing firms when sourcing food from abroad? In our questionnaire, we also solicited free-form responses from firms. Their concerns are summarized in Table 11. The most frequent response was high tariff rates on agricultural and food products. There still seems to be extensive trade liberalization in this area. The Trans-Pacific Partnership is a step forward in this regard. In addition, many expressed concerns

related to exchange rate fluctuations, especially for the weak yen. They also expressed concerns related to logistics. Importers were not able to use their logistic partners in other countries. This is presumably explained by regulations that restrict the establishment and operation of foreign service providers in other countries. For the development of a smoothly operating supply chain (and to ensure that a cold-chain is provided when necessary), it is advisable to push for liberalization in the service sector, especially in the logistics sector, so that firms do not incur additional costs associated with identifying suitable logistics partners in different countries.[5] In addition, there were concerns about cold-chains (e.g., temperature control and a lack of small-lot shipping). The high cost for air freight may also be linked to the lack of alternatives, such as small-lot refrigerated or frozen shipping as well as the low air freight competitiveness of Japanese airports.

There were also a number of concerns regarding customs clearance and food safety standards. Some rightfully indicated that differences in food safety standards among markets were a major concerns and expressed a desire for these standards to be harmonized across countries. In addition, there were complaints about customs procedures (e.g., too much sampling, testing taking too long, and cumbersome paperwork).

**Table 11: Additional concerns expressed by importers**

| Concerns | Number of responses |
|---|---|
| High tariff | 11 |
| Weak yen | 10 |
| Food safety standards are too arbitrary | 5 |
| Customs checks take too long | 3 |
| Excessive sampling for testing | 3 |
| The need for temperature control | 2 |
| The need to utilize different logistics partner depending on source | 1 |

[5] There is a growing recognition that service liberalization is needed, especially in the areas where services support manufacturing activities. ASEAN countries are in the process of liberalizing this sector, but the degree of liberalization is deeper within the region compared with external partners (Ishido 2015).

| | |
|---|---|
| countries | |
| Differences in allowed additives across countries and permissible amounts | 1 |
| Regulations in other countries | 1 |
| Exporting takes too long (slow customs clearance at export ports) | 1 |
| Adulteration (foreign objects) | 1 |
| Differences in tariff rates among countries | 1 |
| Differences in price levels/labor costs between exporting countries and Japan | 1 |
| Differences in food safety standards | 1 |
| Declining number of processors in China | 1 |
| Payment issues | 1 |
| Cumbersome paperwork for customs clearance | 1 |
| Customs agents do not have sufficient knowledge of seafood | 1 |
| Bad reputation associated with China | 1 |
| Quality issues | 1 |
| Language issues | 1 |
| Lack of information about the producing country | 1 |
| Cost of air freight | 1 |
| The need for ships with small refrigerated or frozen containers for small lot exports | 1 |

Source: Created by the authors.

Based on our analysis, despite many challenges associated with agriculture and food imports from China, Japanese firms rely quite heavily on China and other East Asian countries. This reflects the close relationships between these countries and Japan as well as their similar climatic conditions. These importers relied on past export experience and word of mouth to select suppliers. They did not seem to rely heavily on certificates, but rather relied on their own audits. To some extent, this is understandable because Japanese retailers do not utilize private standards (especially those with third-party certificates) in domestic markets. Thus, the use of private standard schemes to select suppliers is not common. However, in the global market, the reliance on private standard schemes to select suppliers is increasing. This has implications for the export of agricultural and food products from Japan. Firms that want to export agricultural and food products will need to meet private standards. Thus, there appears to be a gap between the practices of exporters and importers. In addition, Japan is hosting the Olympics in 2020, where sustainability is woven into the very fabric of the event. Since the London Olympics in 2012, the use of private standards on sustainability has increased, and this is projected to be inherited in the Rio Olympics in 2016. Thus, one can

anticipate that in the Tokyo Olympics in 2020, private standards focusing on sustainability will be adopted to ensure sustainability and food safety. If so, we may see an increasing reliance on private standard schemes in Japan, and this could affect the behaviors of importers in the future.

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