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## Japan's Agriculture, Forestry and Fisheries Products Export Infrastructure Improvement Program<sup>1</sup> 『農林水産物輸出インフラ整備プログラム』

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### INTRODUCTION

The original “Agriculture, Forestry and Fisheries and Regions Vitalization Creation Plan” (hereinafter referred to as the “Vitalization Plan”) was set out with its ultimate objective of doubling the income of farmers and farming villages in 2013. The Vitalization Plan established measures to turn agriculture into a growth industry (an industrialization policy) while still maintaining agriculture’s multiple functionalities in farming regions (a policy to support regional development). Incorporating reform recommendations by the government’s Regulatory Reform Council, the Vitalization Plan was revised incorporating the “Agricultural Competitiveness Program,” the “Strategy for Strengthening Export Capability of Agriculture, Forestry and Fisheries”, and the “Agricultural, Forestry and Fisheries Products Export Infrastructure Improvement Program” on November 28, 2016. This paper explains the details of the “Agricultural, Forestry and Fisheries Products Export Infrastructure Improvement Program.” One of the explicit objectives is targeting one trillion yen (roughly \$8.5 billion) in agricultural exports by 2019 through the implementation of the program. This paper is the whole document of the Ministry of Agriculture, Forestry and Fisheries (MAFF) which was published in November, 2016 to explain the outlines of Agriculture, Forestry and Fisheries Products Export Infrastructure Improvement Program. This translation is not the official publication of the MAFF.

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<sup>1</sup> The original document can be found at [http://www.kantei.go.jp/jp/singi/nousui/pdf/161129plan\\_besshi5.pdf](http://www.kantei.go.jp/jp/singi/nousui/pdf/161129plan_besshi5.pdf)

## **Translation**

Agriculture, Forestry and Fisheries Products Export Infrastructure Improvement Program

November, 2016

The Ministry of Agriculture, Forestry and Fisheries

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## I. INTRODUCTION

In order to steadily and strongly implement the "Strategy for Strengthening the Export Ability of Agriculture, Forestry and Fishery Industries" compiled in May, 2018, the development of export infrastructure is the key. Since Agriculture, Forestry and Fisheries products and foods tend to easily deteriorate in quality unlike industrial products, it is necessary to properly pack and store, and also to prepare infrastructure facilities meeting sanitary standards of export destinations. Also, because there is a restriction on the period during which it can be stored, it is also necessary to reduce the frequency of transshipment and opening, and promptly carry out export related procedures such as quarantine, and deliver it as soon as possible.

For this reason, in addition to making full use of existing export bases, it is effective to strategically and intensively develop exporting bases that consolidate not just production sites' facilities, but also wholesale markets, distribution centers, as well as facilities for smooth and expeditious export proceedings in a strategic and prioritized manner. In addition to improving infrastructure of tangible elements, it is also important to develop infrastructure of intangible elements such as strengthening the export support system.

In line with the above policy, based on this program we will promote infrastructure improvement on both tangible and intangible aspects for export of agriculture, forestry and fisheries products and foods. In principle, this program will be reviewed annually.

## II. CONCEPT OF EXPORT INFRASTRUCTURE DEVELOPMENT AND ITS PRIORITY POLICY

### 1. Infrastructure development of tangible elements

#### *(1) General discussion*

Given the current situation where travel distances and hygiene standards differ depending on the export destination in light of expanding exports of agricultural, forestry and fishery products and foods, it is important to focus on the following four functions. To meet the end, we will focus and concentrate on bases considered to be effective from a nationwide perspective in order to deliver goods efficiently without interruption from production areas to overseas markets.

Function 1: Production, processing, collection function of goods to conform to phytosanitary / food regulations / hygiene standards of export destination

Function 2: Storage, packing, loading function to keep quality and freshness of goods and delivering them in good timing at the demanded time

Function 3: Consolidation function for transporting while reducing the cost and cost of transshipment and repackaging of products

Function 4: Function to make one-stop and expedite in order to proceed with export related procedures more rapidly.

Among the above functions, Functions 1 and 2 are mainly on production, processing, collection bases of production areas and processing places, etc. Function 3 is logistic bases such as wholesale markets, distribution centers, airports and ports. Function 4, it is assumed that it will be installed at a reasonable point between production sites and airports/ports.

Moreover, in order to increase exports more effectively, it is necessary to strengthen countermeasures on intangible aspects such as export support at the bases where infrastructure development of the tangible elements is being implemented. At the same time, we intensively improve infrastructure facilities to realize the intangible efforts such as

development of demand and matching with producers. Therefore, we will focus on promoting integral efforts of tangible and intangible elements.

## ***(2) Specific discussion***

### **1. Production, processing, collection point base**

#### **(A) Improvement of tangible elements**

(Agricultural Products – Rice)

Prevent the occurrence of pests and deterioration of quality due to oxidation as a result of prolonged period since milling to the consumers including logistics and storage during shipping service, customs clearance, distribution at the export destination, etc.

We will promote the development of vacuum packaging equipment etc. to maintain high quality condition for the long term.

[Agricultural products - fruits / flowers / tea]

In terms of export of agricultural products overseas where phytosanitary conditions, residual agrichemical standards, and preference of size, flavor and color are different from Japan, it is necessary to develop production, collection and shipping system as well as facilities to correspond to these different conditions.

Depending on the products, it is also effective to respond to the difference between harvest time and the time when the demand in the overseas market increases, and it is effective to improve the storage on a longer term in order to make it possible to prolong the export period.

Specifically, we will focus on production areas of agricultural products with high export potential, and promote equipment for sorting agricultural products for exports, agricultural products processing facility for exports, low temperature storage and air composition adjustment (CA) for keeping harvested agricultural products for each export destination at appropriate temperature, facilities capable of meeting the plant quarantine conditions at the export destination, and facilities equipped with a high level of sanitation management system, etc.

[Livestock Products]

Meat processing facilities that can export beef and pork to the United States or the EU where high hygiene level based on HACCP is required are limited and regionally unevenly developed. We will promote improvement of facilities so that motivated producers and others can smoothly work on exports.

Based on the agreement of stakeholders in the area, we promote improvement of facilities that can consistently carry out activities from slaughtering, dismantling, cutting and exporting.

[Aquatic products]

Because marine products are rapidly degraded in freshness, it is necessary to process them quickly and hygienically. This is true especially for exports, where it is essential to build a coherent sanitation management system ranging from landing to dispensing, processing and shipping.

We are therefore working to improve the quality and hygiene management, to improve the landing function and processing capacity of fish and to promote fishery processing facilities for HACCP compliance by improving the sealed loading station and the freezing / refrigeration facilities of mainly the major fishing ports, etc.

(A) Countermeasures of intangibles integrating with facility maintenance

In order to strengthen the competitiveness of overseas products, we will make efforts to improve quality, add value, reduce production and logistics costs. In addition, we aim to process the primary products of agriculture, forestry and fishery products and create high added value of the products.

We will make efforts to advance necessary support and human resource development in order to establish and operate facilities and systems that respond to internationally accepted efforts such as GAP and HACCP.

In exporting, because different ingenuity is required from domestic transportation, there is a need to promote empirical efforts to efficiently connect each other from domestic production / processing sites to overseas sellers while maintaining product quality.

It is necessary to promote exports utilizing the strengths of producing areas through the formation and revitalization of export councils by processing companies and others around the site.

**- Logistics base**

(A) Maintenance of tangible elements

In order to reduce the number of times of transshipment and repacking, a wholesale market and a logistics center which is capable of handling cold chains at distribution centers close to airports and harbors, so that products can be brought directly from the production area and processing place, etc., are being planned to be constructed as well as a temporary storage warehouse. We will also develop container yards, etc. for loading containers that will lead to one-stop export related procedures, taking into consideration the wide area concentration.

We will construct a processing facility capable of high-level hygiene management, in order to primarily process the picked-up products and export those products with added value.

Particularly, there is a need to promote facility improvement so that exports of more than a certain scale will be conducted based on neighboring wholesale markets such as airports and harbors.

(B) Intangible measures being implemented as integrated part of facility development

As with production, processing, and collection bases, necessary measures are needed for establishing and managing facilities and systems in correspondence with internationally accepted efforts and personnel training, as well as efforts such as improving collection capacity to strengthen competitiveness against overseas products aimed at reducing distribution costs.

We will try to improve the efficiency of procedures by providing a one-stop solution service for export-related procedures at the time of shipment.

**- Development of overseas bases**

(A) Tangible aspects

In order to reduce overseas distribution costs and directly convey the attractiveness of fresh produce etc. to overseas consumers, there is also a need to promote the establishment of direct market facilities that producers etc. can use overseas.

We will also establish a base for selling products by bringing "Japanese-ness" to the front in the leading Asian and US/European cities where Japanese food is popular. For example, while setting the theme that includes high-end processed goods, a well packaged Japanese

food culture is also being promoted.

(B) Intangible measures being implemented as integrated part of facility development  
Field survey will be conducted to measure the project feasibility of direct market-based facilities.

At the project implementation stage, we aim to smoothly facilitate business by utilizing public and private funds, etc. for overseas production establishers and exporters

## **2. Improvement of export support system etc. (Infrastructure development of intangible elements)**

### **(1) Improvement of support system for businesses**

In addition to conducting strategic marketing and branding by “all Japan”, we also grasp and analyze the information on overseas local demand, etc. necessary for producers / business operators, and give advice to such producers / business operators, and strengthen to facilitate support for matching etc. with trading companies / logistics companies etc.

### **(2) Development and improvement of institutions and procedures**

We aim for development and improvement of institutional and procedural aspects such as JAS standards aiming at international standardization, GAP and HACCP, Japan's internationally accepted private standards in order to lead the appeal of quality and characteristics of Japanese agriculture, forestry and fishery products and foods. We also plan geographical indication, utilization of variety registration, and protection of intellectual property.

As part of the aim, we will review the system based on the JAS Law, establish various standards such as production process and production / distribution management method, etc. towards appealing to overseas businesses through international certification and labelling, and we will strategically utilize JAS.

Based on requests from producers and business operators, we will promote efforts to ease and abolish overseas regulations by widely utilizing diverse diplomatic venues etc. Ministries and agencies work together to fundamentally reform the procedures for issuing export-related certificates.

## **III. IMMEDIATE CONCRETE DEVELOPMENT PROJECTS**

### **1. Improvement of infrastructure of tangible elements**

The formation of 41 export bases for the time being will be implemented. Main examples are illustrated. In order to further enhance the effectiveness of the facilities that are strategically and intensively maintained as a diverse support for private enterprises engaged in exports, we will efficiently implement intangible measures such as empirical activities that maintain quality while integrating from domestic production / processing areas to overseas sellers.

#### **(1) Production / processing / pickup base**

##### **- Agriculture related products**

Fruits and vegetables appliances for exports to strengthen the export power of apples by automating packaging work, Hirosaki Agricultural Cooperative Association (Hirosaki City, Aomori Prefecture)

[Major export products] Apples  
[Main export destinations] Taiwan, Vietnam, etc.

When exporting apples, unlike domestic shipment, manual work such as confirmation of quarantine pests and packaging in order to keep freshness is required. Currently, as the labor force securing labor becomes difficult year by year due to the aging of the population, etc., we have to refuse the application for trading from new exporters in the production areas.

We will improve pest control and shipping capacity by developing collecting and shipping facilities for exports including export air dusters, automatic packing devices, palletizers, which will reduce the pest control cost and improve the appearance quality as a result.

#### **- Livestock Related Products**

Kyoto City Central Wholesale Market No. Two (Kyoto City, Kyoto)

[Major Export Products] Wagyu etc.

[Major Export Destinations] EU, USA, Singapore, etc.

In order to export Wagyu Beef, we will have to face an inefficient situation where the cattle is necessary to be transported to a distant facility which can satisfy the sanitary criteria required by the export destination.

Therefore, we will promote facility improvement in order to resolve the ceiling height, to attain advanced hygiene control, to manage temperature control, and obtain certification of export facility for Europe and America.

After the establishment of the facility, we will collect various brand cows mainly from Wagyu beef from Kyoto Prefecture and expand exports through diversification of sales channels.

Expanding export capacity of the largest beef and pork export base in Japan Miyachiku Tsuno factory (Tsuno town, Miyazaki prefecture)

[Main export products] Beef, pork

[Main export destinations] EU, USA, Hong Kong, Singapore, etc.

Tsuno town began exporting beef as a pioneer and currently has a high export performance in the United States (Miyazaki beef accounts for 40% of beef exports to the US). In the future, in order to further expand the export destination to the EU, it is necessary to develop new facilities and obtain accreditation for exports to the EU. Also, we will promote the development of new export facilities so that we can export pork.

We will further strengthen the domestic largest export capacity and increase export volume by improving these facilities.

#### **- Fishery related products**

Advanced quality and sanitation management system at fishing ports, etc. Sakai Fishing Port (Sakaiminato City, Tottori Prefecture)

[Major export products] Mackarel, sardines, yellowtail etc.

[Major export destinations] Thailand, Vietnam, etc.

In order to promote export, we will establish a consistent sanitation management system from landing at the fishing port to shipping and strengthening the fishing catch capacity of the whole fishing port.

For this reason, we will integrate roofed quays, sealed cargo handling facilities, freezing and refrigeration facilities, etc.

## **(2) Logistics base**

Wholesale Market: Utilization of Wholesale Market Close to Hub International Airport  
Narita city public regional wholesale market (Narita city, Chiba prefecture)

[Main export goods] Pears, melons, sweet potatoes, fishery products etc.

[Major export destinations] EU, Malaysia, USA etc.

The current Narita regional wholesale market faces a shortage of facilities that can perform advanced sanitation and temperature management. Also, to meet a wide range of overseas demands, collection ability is not sufficient.

To overcome these limitation, we have developed a new market as an export base that can carry out a quick and reasonable one-stop export related procedures with container yards and processing facilities (aiming to certify export facilities for EU) etc. which can load export containers adjacent to the airport.

We will also collect directly to the same market in cooperation with external wholesalers etc. with collecting power. Furthermore, we will prepare processing facilities and export primary processed products of fresh fish.

Wholesale Market: Making Wagyu Beef export base

Kyoto City Central Wholesale Market No. Two (Kyoto City, Kyoto)

[Repeat]

Wholesale Market: Maintenance of bases exporting high quality flowers with optimal temperature control

Osaka Tsurumi Kaki District Wholesale Market · Naniwa Hana Ichiba (Osaka-shi, Osaka)

[Main export goods] Flowers

[Major export destinations] USA, Canada, EU etc.

Although the export value of cutflowers is increasing, there is no logistics facility for export in the Osaka Tsurumi wholesale market, so a system to maintain the high quality of cutflowers of Japanese standard is necessary.

Because, high-quality flowers are gathered from all over the country in this wholesale market, the dock shelter that enables accepting deliveries without temperature change, packing center that can be selected at low temperature, temperature management for each item, collection and shipping facilities dedicated to export including fumigation space for pest control in this market, should be the main point of flower distribution of Japan. Also by unifying the design and standards of packaging materials for exports, we will try to build a cold chain structure and brand of Japanese flowers.

Distribution Center: Establishing a base dedicated to exporting fruits and vegetables

Tokyo Distribution Center (Ohta Ward, Tokyo)

[Main export goods] Apples, pears etc. Vegetables

[Major export destinations] Taiwan, Hong Kong etc.

Currently, the Ohta Market is the only roof and there is no low-temperature storage for exports, so quality is likely to deteriorate. For exports, even if you ship from the production area to the port or airport without going through the market, the quantity is low and the shipping cost is high.

To overcome the limitation, we have established a low-temperature collection and shipping storage facility dedicated to export within the Tokyo Distribution Center close to Tokyo Port, Yokohama Port and Haneda Airport. Also, the facility will acquire the HACCP certification and an intermediate wholesale association of the Ohta Market which has a

trustworthy relationship with foreign buyers carry exports.

In addition to suppressing quality deterioration of the product, this improvement will reduce the distribution cost by directly loading the large quantity into the container for export (plan to handle other fish products, beef, processed goods etc).

### **(3) Overseas bases**

We will conduct on-site survey etc. in order to establish a model that can sustainably manage an overseas market in Singapore, Hong Kong, Taiwan, etc.. As part of this, we will also proceed as follows.

Build business relationship with overseas wholesalers / retailers and restaurant owners. Also, information dissemination, sales etc. of Japanese food and ingredients to overseas consumers

Based on these surveys, we will consider the establishment of fishery markets etc. that directly export fresh products and primary processed items from Japan and process and sell them locally.

## **2. Improvement of export support system (infrastructure development of intangible elements)**

### **(1) Improvement of support system for business operators**

#### **- Branding, promotion and support system for “All Japan” exports**

In order to promptly strengthen support for Japan's agriculture, forestry and fishery products and food branding and promotion, export businesses leading to the improvement of income of producers, agriculture, forestry and fishery products we will develop a branding promotion and support system ("Japanese version SOPEXA<sup>2</sup> (tentative name<sup>3</sup>)") that specializes in mission to promote food exports. While utilizing the organization of JETRO, this organization will carry out the project with the view to privatize in the future, through independence of decision making, promotion of external human resources such as private enterprises, as well as introduction of performance principle.

#### **- Promotion of regional efforts**

When exporting specific products, we promote efforts of national organizations, regional trading companies, and/or agricultural cooperatives (JA) that have functions such as establishing a production and distribution system for export through collection and shipping jointly and provide export proceedings as well as account settlement, etc. on behalf of the producers.

#### **- Utilization of public and private funds**

We will try to facilitate projects through utilization of the mechanism of the support business operators (companies) of agriculture, forestry and fishery growth

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<sup>2</sup> Sopexa is an international communication & marketing agency specializing in Food, Drink & Lifestyle operating across 61 countries.

<sup>3</sup> On April, 2017, the Government of Japan set up a new organization named “Japan Food Product Overseas Promotion Center” or JFOODO on April 1 for the purpose of strengthening its promotion activities to boost exports of agriculture, forestry, fishery and food products. Find more <http://english.agrinews.co.jp/?p=6431>

industrialization fund (A-FIVE) for overseas production bases and exporting businesses.

**- Improvement of technical support system**

We will organize experts on quarantine, control and production technology and implement technical support for the production areas which proactively attempt to export in order to disseminate know-how such as control system, cultivation method and selection in accordance with regulations of export destinations.

**(2) Development and improvement of institutional and procedural aspects of exports**

**- Promotion of utilization of standards / certification and intellectual property system and relaxation / abolition of regulations**

We will review the former system based on the JAS Law and consider submitting related bills to the next ordinary Diet session.

We will establish GAP and food safety management standards from Japan through Japanese system and certification's harmonization with international certification.

For facilitation of exports and promotion of businesses with overseas business operators, we will promote the acquisition of internationally accepted standards and certification concerning GAP, HACCP, etc.

We will establish a system that can mutually protect geographical indications (GI) with other countries and promote trademark registration overseas by GI mark.

We strongly encourage countries, mainly in Asia to join the 1991 Convention of UPOV (International Union for the Protection of New Varieties of Plants) and promote the registration of plant varieties in other countries in order to prevent Japanese varieties from spilling out abroad.

We will promote acquisition of intellectual property rights (patents, trademarks, designs, etc.) overseas, and deal with intellectual property problems.

Diplomatic missions and JETRO overseas offices will compile the facts on the issues faced by business operators and others related to the export of agriculture, forestry and fisheries products and foods, and develop a system to encourage export destination governments to resolve the issues.

**- Reform of Export Related Procedures**

We will expand the range of certificates that can be unified by NACCS (Nippon Automated Cargo Clearance System: import / export / port related information processing system)

We will expand certificate window·receiving place of the certificate

We will simplify and speedup issuance of procedures related to sanitation certificates

Major airport customs officers and plant quarantine stations / animal quarantine offices correspond 24 hours a day, 365 days a year (even in other places, respond flexibly at early morning and nighttime, Saturdays, Sundays and holidays according to business operator's request.)

Date submitted: June 7, 2017

Reviewed, edited and uploaded: June 20, 2017