

# Norwegian Mackerel in the Japanese Market 2017/2018

Updated July.2018

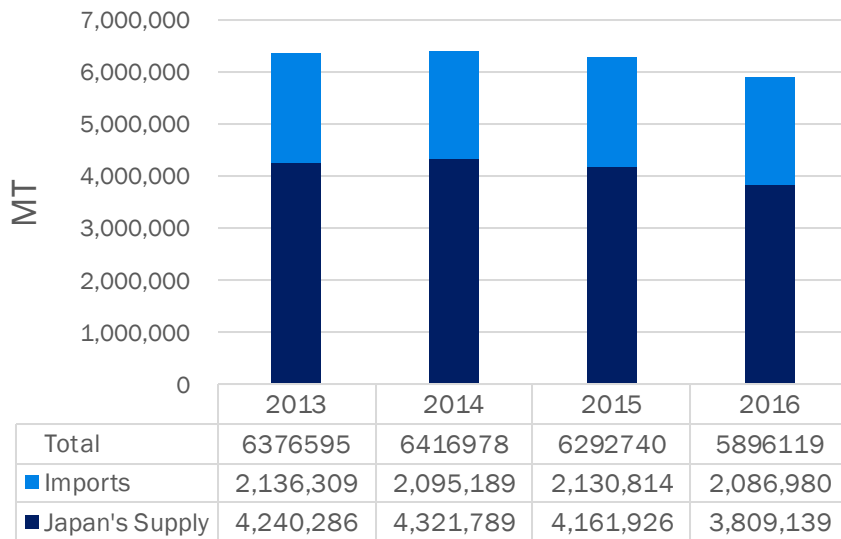
# General Consumer Behavior on Seafood in Japan

- ♦ Japan is the third largest consumer of seafood in the world with an average annual consumption of 50.2 kg/person
- ♦ According to the seafood study survey:
  - ♦ 82% of the respondents consume seafood at least once a week;
  - ♦ 83% consume seafood primarily at home;
  - ♦ Convenience is the strongest driving factor for purchase;
  - ♦ 83% purchase seafood in supermarkets;
  - ♦ Mackerel is the most popular seafood choice for home consumption;

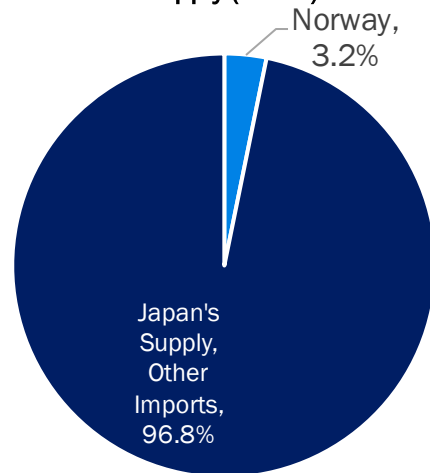
# Total Supply in Japan / Norway's Share (2016)

Of the total seafood supply in Japan, 35% was imported in 2016

**Total Seafood Supply in Japan (Japan's Supply + Imports)**



**Norway's Share within the Total Seafood Supply (2016)**

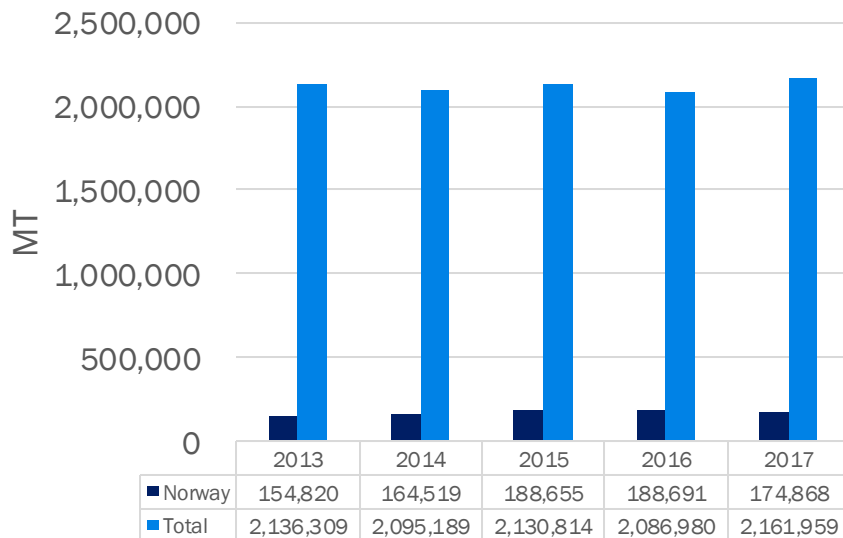


Volume (2016) 5,896,119 MT  
Norway's Volume (2016): 188,691 MT

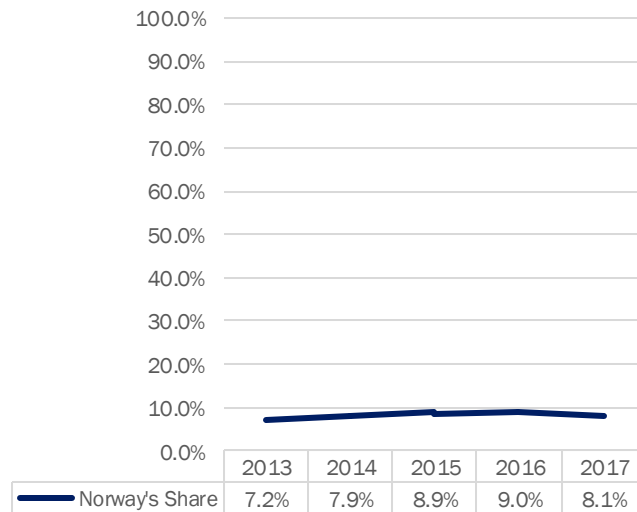
# Norway's volumes/share among other imports have been flat

The import volumes have been flat, at the same time, Norway's volume and its share among the imports have been flat as well.

Japan's Seafood Import Volumes (2013-2017)



Norway's Share of Total Seafood Import Volumes (2013-2017)

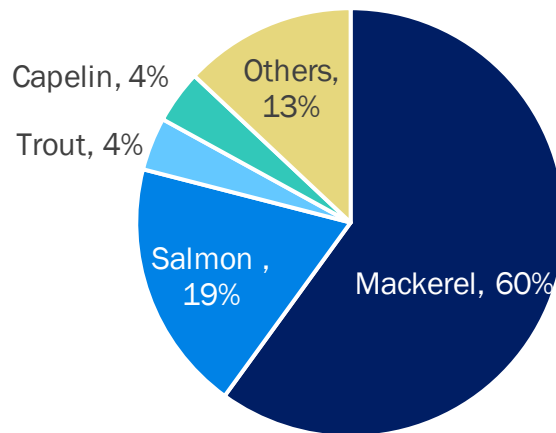


Source: Trade Statistics of Japan Ministry of Finance

## Japan Imports of Norwegian Seafood Products – Mackerel dominates in volume (2017)

Japan imported approximately 174,868 MT of Norwegian seafood in 2017 which was worth 104 billion JPY. Mackerel accounted for approx. 60% of the volume and 32% of the value.

Japan's Import of Norwegian Seafood (2017)

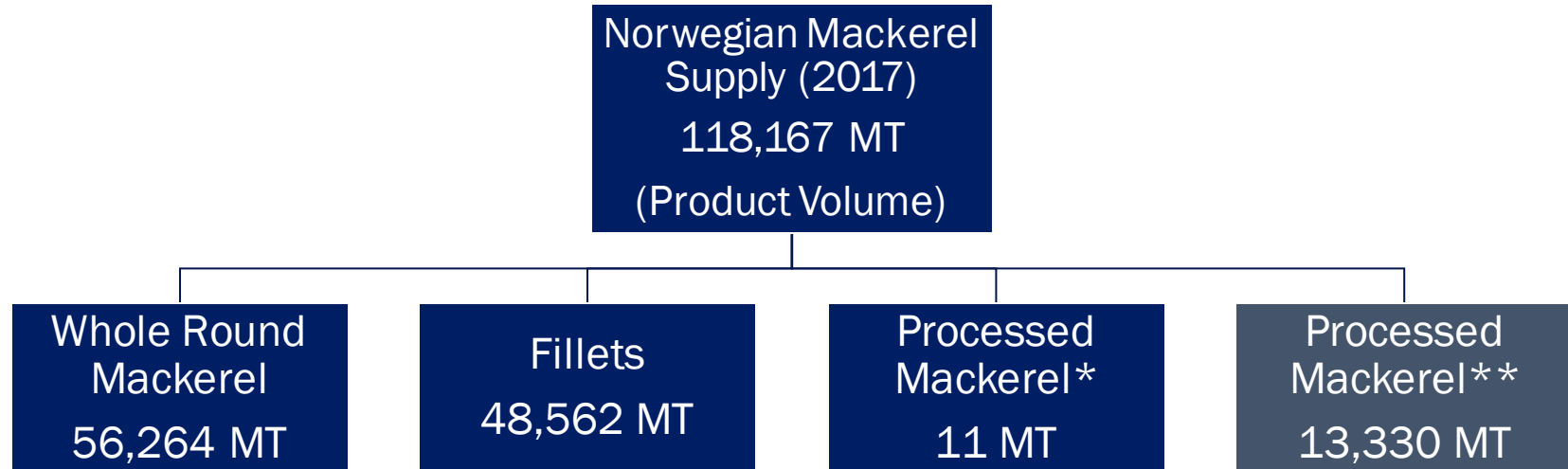


Total Volume (2017) \*: 174,868 MT \* Product Weight

# Norwegian Mackerel Supply in Japan in 2017 (Product Volume)

Japan trade customs track Norway as the country of origin for the following mackerel products:

- a) Whole round mackerel,
- b) Fillets (for both fillets processed in Norway and other countries)
- c) Processed mackerel (for only products processed in Norway )



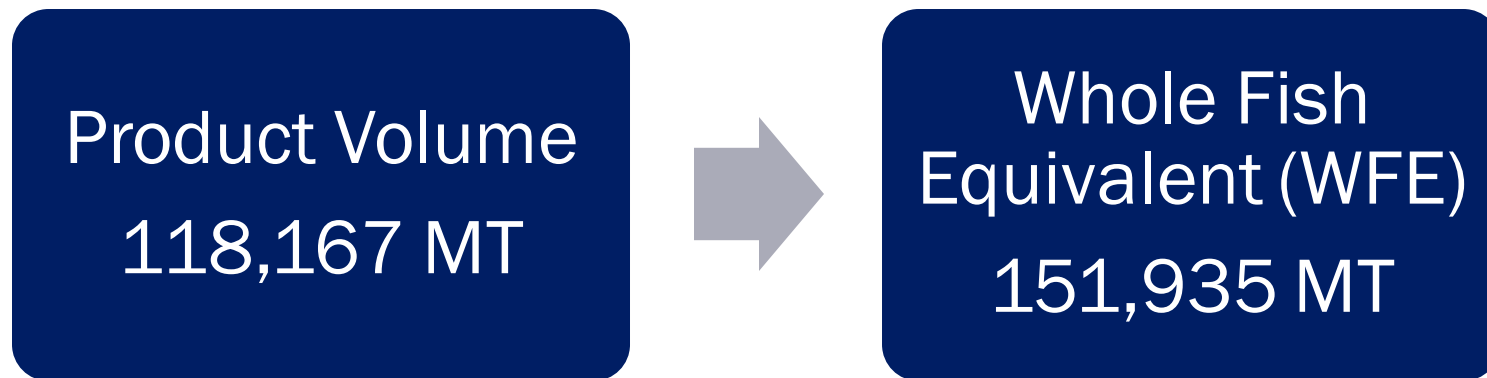
\*Directly from Norway

\*\*Processed in other country, (estimated)

\*\*Estimation

In 2017, Japan imported 151,935 MT (WFE) of Norwegian Mackerel

Norwegian Mackerel Volume (2017)

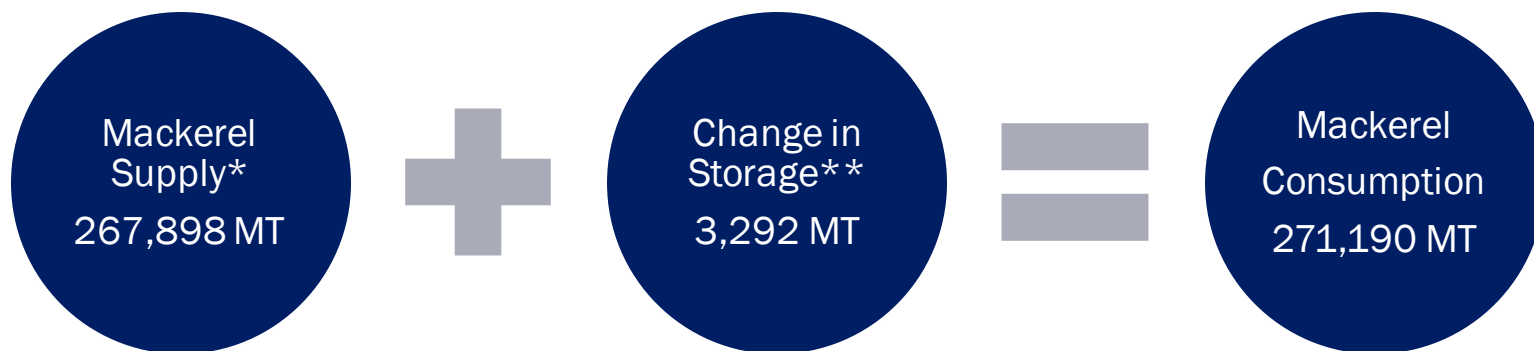


Conversion

Product	Yield from Whole Fish
Fillets	68%
Processed Mackerel	55%

# Definition of Mackerel Consumption in Japan

## Mackerel Consumption in Japan (2017)



\* Whole Fish Equivalent

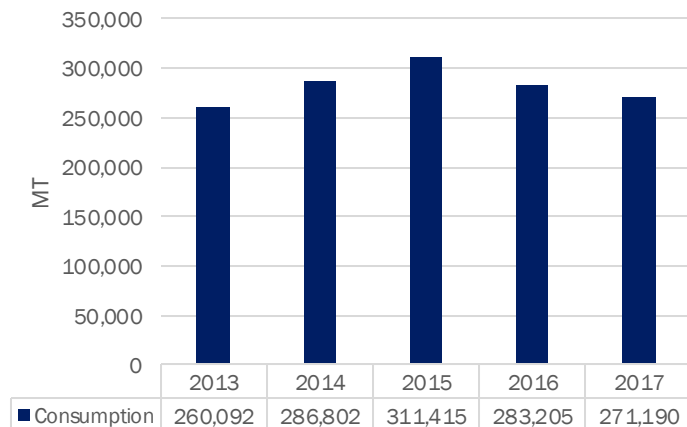
\*\*Change in storage of 3,292 MT meant that there were 3,292 MT less mackerel in the storage at the end of year compared to the beginning of the year



# Norwegian Mackerel has strong position in Japan

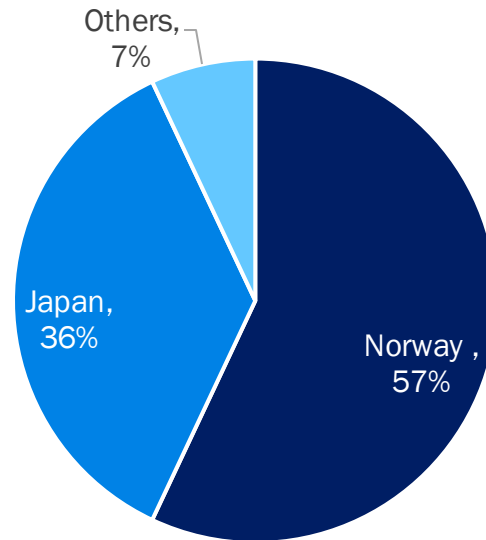
- ♦ In 2017, mackerel consumption in Japan was approx. 271,000 MT; lowest since 2013.
- ♦ Consumption followed a hill shape, it grew from 2013 to 2015, but has been decreasing since then.
- ♦ Norway supplied approx. 152,000 MT (WFE), which accounted for 57% of mackerel supply\*.

**Japan Mackerel Consumption (2013-2017)**



Source: Ministry of Finance, Ministry of Agriculture, Forestry and Fisheries, Promar Consulting

**Mackerel Market Share, by Country (2017)**

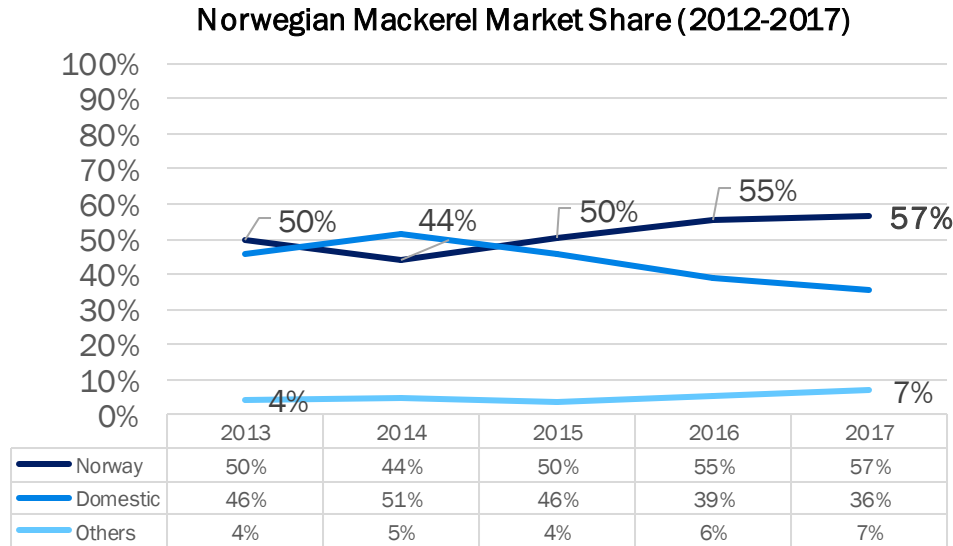


**Mackerel Supply (2017)\*: 267,898 MT (WFE)**

\*Supply (267,898 MT) + Change in Cold Storage (3,292 MT) = Consumption (271,190 MT)

# Norwegian Mackerel has increasing market share in recent years

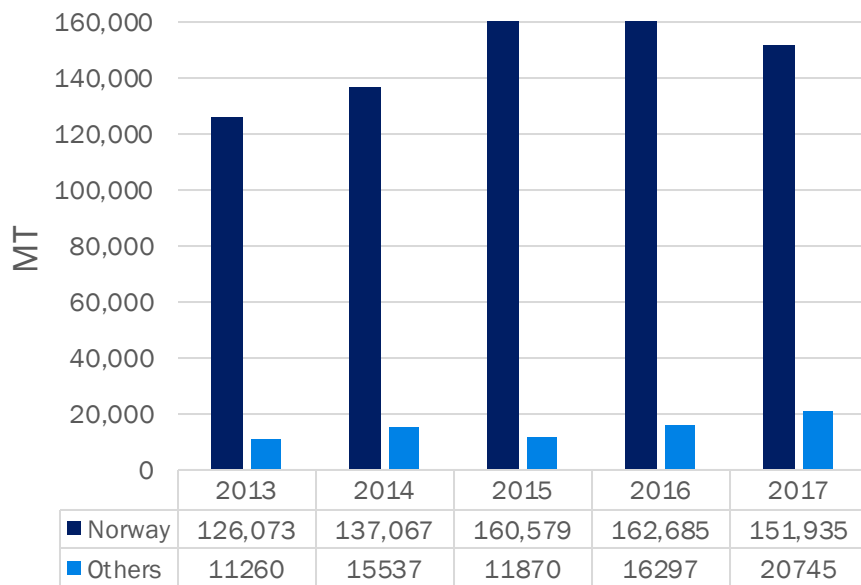
- ♦ Norway's share increased annually since 2014; Norway's share in 2017 was at the highest level.
- ♦ Domestic share suffers a sharp drop since 2014 due to the lack of large mackerel catch.
- ♦ Other supplying countries are slowly growing their share in the past three years (from 4% in 2015 to 7% in 2017).



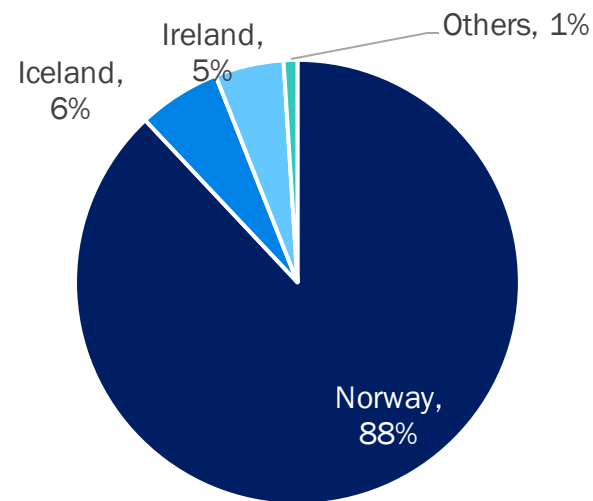
# Import Analysis – Norway account for approx. 90% of import

- Norway continues to be the largest supplier of mackerel to Japan, but other countries, mostly notably Iceland and Ireland, have showed growing trends since 2015 (Iceland: 4,000 MT in 2015, 9,000 MT in 2017)(Ireland: 3,000 MT in 2015, 8,000 MT in 2017).

Japan's Mackerel Import Volume\* (2013-2017)



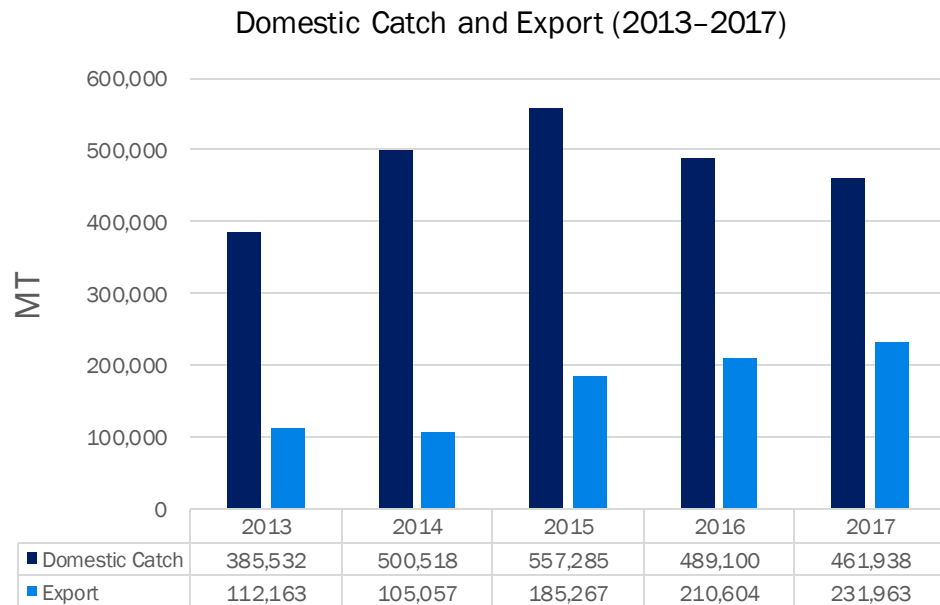
Import Shares by Country (2017)



Import Volume\*: 172,680 MT (WFE)

# Trend – Decreasing volume of large Japanese mackerel

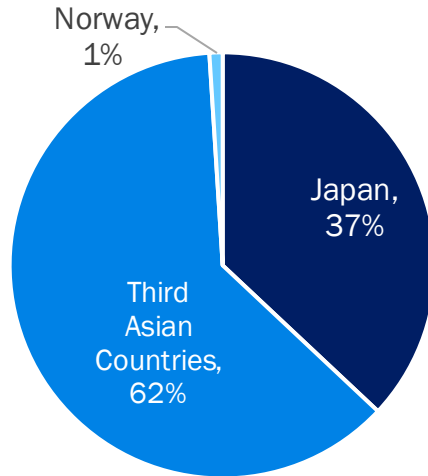
- ♦ In the past three years, domestic catch has been decreasing however export has been increasing (export in 2017 was more than twice of 2014); this was primarily due to the lack of large mackerel.
- ♦ Of the supply that remains in the Japanese market (domestic catch – export), approximately 40% was for human consumption (a large volumes are used as fish meals)



## Large volumes of Norwegian mackerel were processed in other Asian countries

- ♦ Approximately 60% of the Norwegian mackerel sold in Japan were processed in the third Asian countries.
- ♦ Of the third country processing, [estimated] 75% were processed in China.

Processing Countries for Norwegian Mackerel

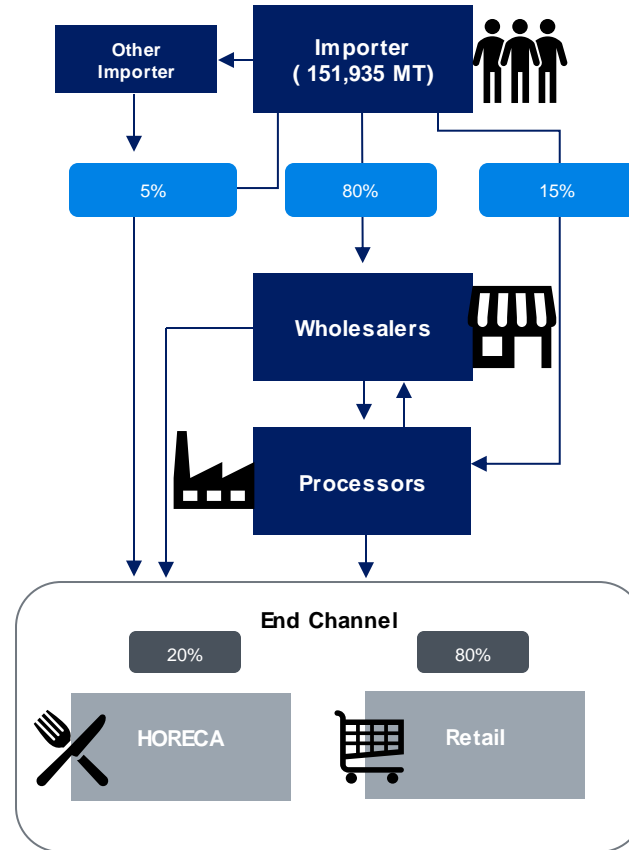


Norwegian Mackerel (2017): Approx. 152,000 MT



The main processing countries of Norwegian mackerel (outside of Japan) for the Japanese markets are China, Vietnam, Indonesia, Thailand. \*Myanmar is still at a testing stage.

# Distribution



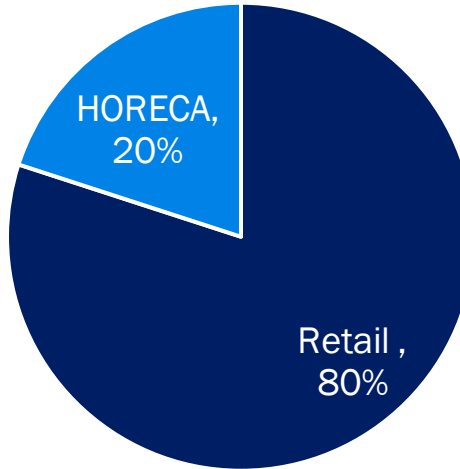
- There are more players entering the mackerel business as the supply for other fish such as horse mackerel, saury, Atka mackerel has been low.
- Wholesalers continue to play an important role in the mackerel distribution; they have strong network across the country and efficient delivery system (end channel outlets are too fragmented for importers to distribute efficiently).

# Norwegian mackerel are primarily sold in retail

- Retail has the largest sales, however, in recent years Japanese restaurants and Izakayas are replacing domestic mackerel with Norwegian mackerel.
- Online stores provide Norwegian mackerel as well, however sales have been slow.



Major chain restaurants use Norwegian mackerel



The Norwegian mackerel corner in retail

# Common Norwegian Mackerel Products in Retail



Salted Mackerel



Miso Mackerel



Vinegar Marinated (*shime*)

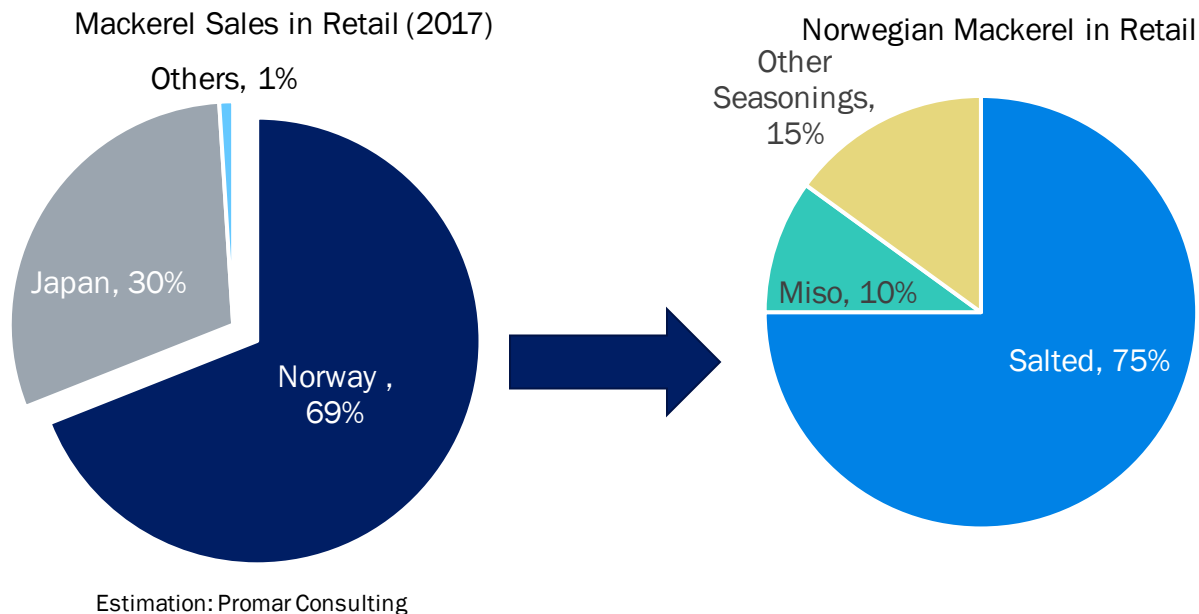


Sweet sake marinated (*mirin*)



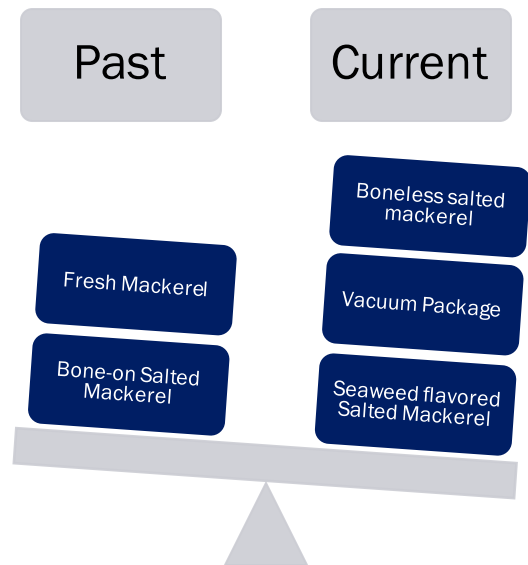
## Of Norway's mackerel, salted mackerel is the main product in retail

- Of the mackerel sales in retail, Norwegian mackerel account for approx. 70%



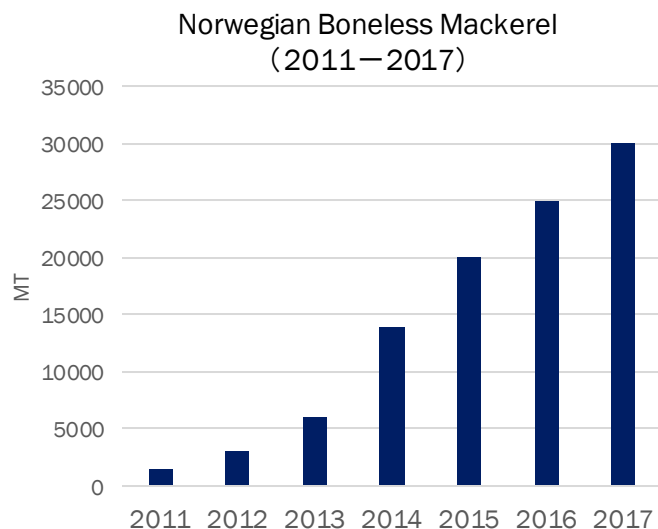
## Retail Trend: Value-added products are increasing

- Most value-added mackerel products use Norwegian mackerel

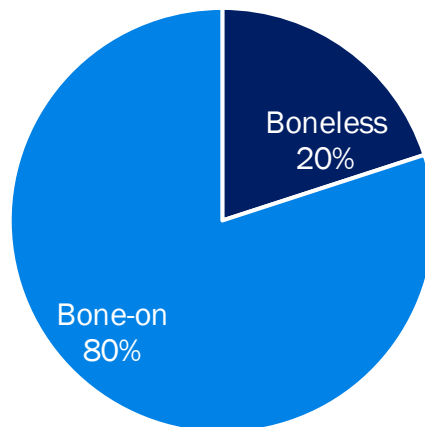


# Boneless Mackerel

- ◆ The demand for boneless mackerel is increasing.



Norwegian Mackerel :  
Boneless vs Bone-on (2017)



Sales Targets
Children
Older Generation
Hospital
Cafeteria (Company, School)
Lunch Boxes

# Image of mackerel is increasing in HORECA

- ♦ Mackerel, typically known as a low-end fish in Japan, enjoys a higher profile now in HORECA.
- ♦ “Mackerel sandwich” and high value-added products (e.g. smoked-in-ash mackerel) are served in trendy cafés and higher-end restaurants.
- ♦ Atlantic mackerel is favored due to its high fat content and consistency in quality.



Atlantic mackerel's high fat content match well with ingredients in the mackerel sandwich.



Smoked-in-ash mackerel requires much attention in the processing stage.

## Japan and Korea Market Comparison (2017)

	Japan	Korea
<b>Mackerel Consumption</b>	271,190 MT	121,109 MT
<b>Norway' Volume (WFE)</b>	151,935 MT	40,511 MT
<b>Norway's Share</b>	57%	43%
<b>Main End Channels for Norwegian Mackerel</b>	Retail 80% Food Service 20%	Retail 60% Food Service 40%
<b>Main Products for Norwegian Mackerel</b>	Salted 75% Miso 10% Other 15%	Fillets 80% Salted 20%

## Appendix - Tariffs

Product	Japan	Korea
Mackerel frozen	7%	0%*
Salmon, frozen	3.5%	0%
Salmon, fresh	3.5%	0%
Trout, Frozen	3.5	0%
King crab	4%	0%
Snow crab	4%	0%

\*Tariff quota 500 Tons, (MFN applies after(10%))

## Appendix Data Source

Data	Source
Domestic Catch and Farmed Production	Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF)
Import Statistics	Trade Statistics of Japan Ministry of Finance
Distribution, Retail Breakdown, Estimating on Imported Processed Mackerel	Promar Consulting