

# Tailoring U.S. Pork to Japanese Style

*C. Lynn Knipe, meat scientist, Meat Export Research Center, Iowa State University, Ames, IA*

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If the United States is to become competitive in the Japanese pork market, packers and processors need to tailor their products to meet Japanese requirements and tastes.

A number of potential barriers to exporting pork to Japan exist, but importers there indicate that if U.S. processors were more export minded, these problems could be overcome. Often, Japanese importers are testing the U.S. businessperson's interest and flexibility and would welcome a response even if it meant a compromise. Where U.S. efforts may have failed in the past is in trying to sell the Japanese consumer the exact same product consumed in the United States, and in distributing this product to Japan in a frozen state.

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## Tips for Exporters

U.S. exporters must understand the way the Japanese market works, and they must supply a product acceptable to Japanese consumers' highly discerning tastes.

The first consideration in trying to sell pork in Japan is to identify the right trading company. Trading companies have historically served as intermediaries between Japanese buyers and foreign exporters. A number of Japanese trading companies have offices in the United States in cities such as Chicago and Los Angeles.

Making personal contacts with the trading company's home office in Japan also helps exporters establish rapport with the trading company and

learn Japanese ways of doing business. Personal relationships between business partners are much more important in Japan than in the United States. The Japanese want to deal with a company that has a long history of reliability, and where they can establish a personal relationship with the owner or top management. If Japanese buyers like your company, you'll have a loyal customer for years.

The Japanese trading company will want to look at samples of your product and will likely want to visit your plant.

In addition to contacting Japanese trading companies, U.S. packers can work through U.S. supermarkets that have already embarked on joint ventures in Japan. Packers can also opt to produce a private-label product for Japanese ham and sausage manufacturers, or sell a product in bulk to Japanese companies that then package for retail sale with their own locally recognized label.

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## Japanese Distribution System

An understanding of the Japanese distribution system and the variable levy system also is needed. Only about 1 percent of the pork is moved on direct-access basis to Japanese supermarkets. Imported fresh pork generally moves from a foreign packer to a trading company and then to the ultimate distribution point.

Direct access distribution has many advantages, particularly when a company is trying to establish brand identity for products.

The variable levy is applied to fresh and fresh-frozen pork at 5 percent of the "cost of goods, insurance, and freight" (c.i.f.) price, and to ham and bacon at 10 percent. It prevents lower priced imported pork from undercutting the price of Japanese meat. Therefore, competitively priced pork is penalized the most by this system. Sausage and canned hams or canned luncheon meats are assessed a flat 25-percent duty.

The variable levy system has encouraged exporters to sell mixed loads to meet the established "gate price"<sup>1</sup> (the price the farmer receives).

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### Inspection Certificates a Must

Japan requires inspection certificates for fresh-frozen pork. These are available through USDA inspectors and indicate the name and address of the slaughtering and breaking companies, and the dates of slaughter and inspection.

Some typical complaints Japanese importers have made in the past about U.S. products include a higher percentage of pale-colored, soft pork, knife cuts or gouges, and inconsistent piece sizes.

U.S. exporters should follow the lead set by competitors, which includes tailoring products to meet Japanese demands. For instance, Danish cutting methods produce cuts preferred in Japan, such as a collar butt, not common in the United States.

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### Health Standards for Processed Pork

Recently U.S. exporters have recognized the potential market for processed pork—products such as ham,

bacon, sausage. This is currently a \$2.3 billion market, with less than half of 1 percent of processed pork imported.

Japan's Ministry of Health and Welfare (M.H. & W.) requires that all imported processed meats must be "coliform negative" (free of a family of intestinal bacteria). The standard "brilliant green lactose bile broth" method is used to determine this.

The M.H. & W. randomly checks imported products, particularly ones new to the market, but also expects processing companies to monitor their own products for coliforms. While this requirement seems overly restrictive, the M.H. & W. is currently updating regulations relating to bacterial standards.

Cured products must not contain more than 70 parts per million (ppm) residual sodium nitrite. Most U.S. processed meat products contain less than 70 ppm after cooking or smoking.

For a product to be labeled "heated" (cooked), the product must be heated for a minimum of 30 minutes at an internal temperature of 145°F.

Other requirements include specified water activity levels of different products and restrictions on ingredients such as antioxidants.<sup>2</sup>

Other than safety requirements, there are no mandatory regulations for meat products. However, voluntary regulations for products bearing the Japanese Agricultural Standard (JAS) logo are numerous. The JAS logo guarantees a minimum standard of quality and is roughly equivalent to the Good Housekeeping seal of approval. The JAS logo is used on

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<sup>1</sup>Seng, P.M., *The Japanese Pork Market - A Study of Opportunities for MEF Member Firms*. U.S. Meat Export Federation, Tokyo, 1985

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<sup>2</sup>The Japan External Trade Organization (JETRO), 401 North Michigan Ave., Suite 660, Chicago, IL 60611 can provide more complete information on Japanese food regulations.



*Eye appeal is important to Japanese buyers of packaged pork products. This display case in a large, modern Japanese supermarket includes sausages, luncheon meats, and gift boxes of hams. (C. Lynn Knipe)*

processed meat products but not on fresh pork or beef.

A "Handmade" logo also is used to indicate very high quality products. The standards for its use are also voluntary. Currently some consumers want to do away with this logo.

### **Making Products More Appealing**

Although U.S. processed meats are considered to be of high quality in Japan, some changes, such as the following, could make them even more appealing to Japanese consumers:

#### **1. More attractive external appearance**

Eye appeal is important to Japanese consumers. Shopping is often emotionally motivated and considered a pastime. A good smoke color is necessary for all products, as is internal-cured color. Natural and, to a lesser extent, collagen casings are preferred<sup>1</sup> for small-diameter sausages.

Pay attention also to label designs. An English label on a package might be appropriate in an exclusive department store to confirm that the product is actually imported.

#### **2. Smaller retail package sizes**

Japanese people eat smaller portions of meat at each meal than Americans do, and also prefer a variety of foods. Japanese people also are interested in buying only the freshest of meat products. Because of their interest in freshness and variety, Japanese consumers shop more frequently than their U.S. counterparts and will often buy just enough of each item for one meal. A U.S. exporter, therefore, should consider using smaller retail packages for all processed meat products destined for Japan.

Japanese buyers do not want just another Japanese ham or sausage, but they want unique, and genuine "American" products with Japanese tastes in mind. It is said in Japan, for example, that if a Japanese woman wants a French dress, she won't expect it to look like a kimono.<sup>3</sup> However, the French dress is expected to fit.

<sup>3</sup>LeComte, A. *Keys to Success: Japan's "Food Lifestyle."* Japan External Trade Organization, 1983

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### 3. Use of less salt

The major criticism Japanese consumers have about U.S. products is that they are too salty. Japanese consumers prefer processed meat products that are only mildly seasoned, yet rather sweet by U.S. standards. Tests by Iowa State University's Meat Export Research Center have shown that to duplicate the flavor of Japanese sausage, a salt content of 1.75 percent and a sugar content of 1.25 percent is needed.

Ham products in Japan contain close to 2.5 percent salt, which is almost totally masked with sugar. Regional differences in flavor preference also exist. A single product formulation will likely not work in all regions. For example, people in Kanto (Tokyo) prefer saltier foods than people in Kansai (Osaka). With lower salt formulations, the proper seasoning of sausage is more important.

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### 4. Japanese Labeling

All packages need a Japanese label that includes an ingredient listing, handling instructions, and production date. Nonmeat ingredient listings on Japanese labels are rather vague by

USDA standards and might contain words such as "chemical seasoning," "emulsifier binder," "color enhancer." Labels are verified by the Japan Meat Processors Association, but labeling would most likely be taken care of by the importing company. USDA's Foreign Agricultural Service has an Export Product Review Program which can assist exporters with labeling requirements.

As with fresh-frozen meats, Japanese consumers are concerned with processed meat freshness. Consumers are demanding, and supermarkets provide short expiration dates on packages. Most Japanese products are pulled from display cases at a maximum of 25 days. Some are pulled as soon as 10 days after production. Obviously, products sent by ship from the United States to Japan will be at least 25 days old before they can be placed in Japanese grocery stores. Imported items will be evaluated individually by importers to determine their length of shelf-life. Although special allowances will likely be made for imported products, the concern for freshness may be a major barrier to exporting processed meats to Japan.