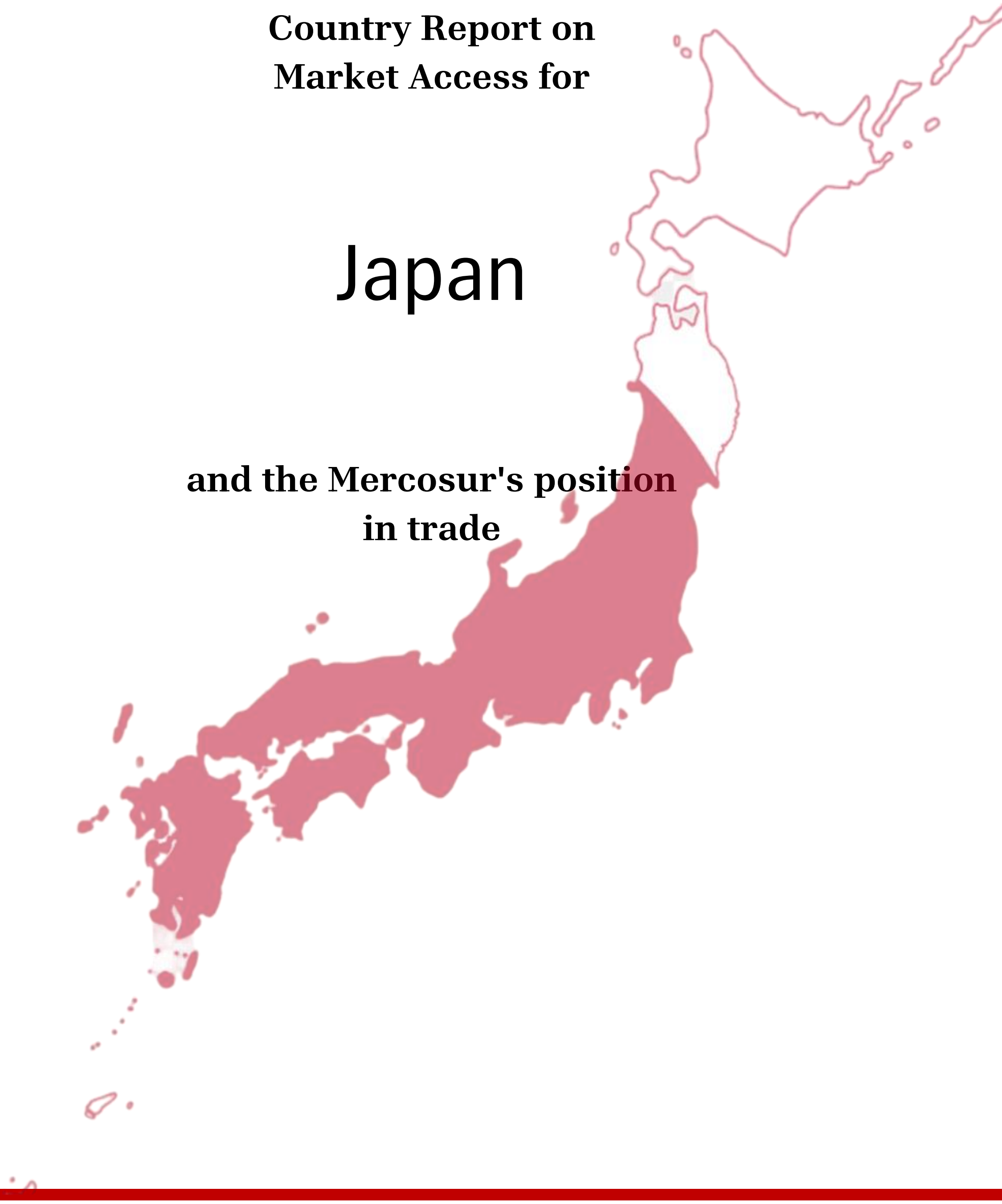
Country Report on Market Access for

Japan

and the Mercosur's position in trade



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GPS

GRUPO DE PAÍSES PRODUCTORES DEL SUR

GROUP OF PRODUCING COUNTRIES FROM THE SOUTHERN CONE

Updated on
Jul-24

Country report on Japan

Summary

- Japan's GDP accounts for 4% of the global total, with a low growth rate of 1%, and its per capita GDP is almost three times the global average. The value added from agriculture is only 1% of the total.
- A decline in Japan's demand of around 4% is expected by 2030; this decline is projected only for food for human consumption, while animal feed and other uses are growing. The most important sectors in projected demand are meat, oilseed meal, and cereals.
- On average, Japan has a negative trade balance both overall and with MERCOSUR. This negative balance with MERCOSUR mainly comes from the agricultural sector, although it is also negative in the "Non-Agricultural" sector.
- Brazil is the MERCOSUR country with which Japan maintains the majority of its trade relations. The 91% of imports from MERCOSUR are from Brazil, and 81% of exports to MERCOSUR go to Brazil.
- MERCOSUR ranks 4th as the origin of Japan's imports. The most important imported products are meat, corn, and products from fish and crustaceans.
- The number of discriminatory tariff measures has increased in recent years, and the most affected products are meat, dairy, crustaceans, and soybeans.
- Mainly Argentina, but also Uruguay and Paraguay, have a larger number of products with potential for increased exports. These products' low share in Japan's total imports gives them a higher probability of growth.
- There are several products that face risks in maintaining competitiveness. Brazil is the MERCOSUR country with the largest number of products at risk and, considering their relative and absolute importance, they should be addressed with greater urgency.

Population

125.1 Millons

1.6% Share of World Population

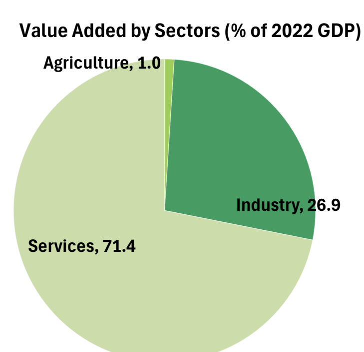
-0.44 % Growth Rate Annual Population

0.79 % Growth Rate Annual World Population

Economy

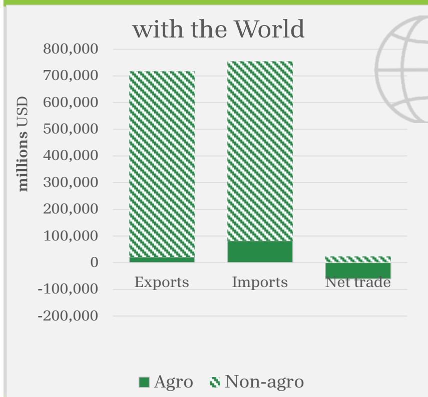
	Japan	% of World
GDP (billions of USD 2022*)	4,256.4	4.22

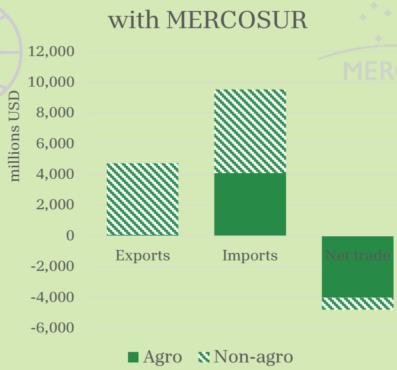
	Japan	World Avg.
GDP per capita (USD 2022*)	34,017.3	12,687.7
GDP growth (annual %)	1.0	3.1
Trade (% of GDP)**	46.8	62.6

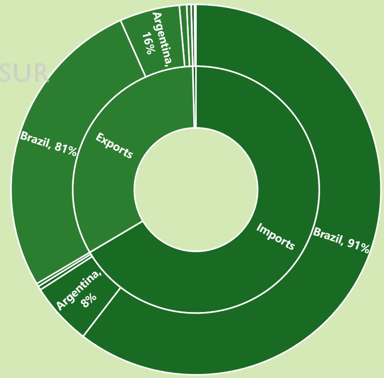


Notes: * in current USD for the year 2022 - latest available; ** Both exports and imports are measured as a proportion of GDP. Source: World Bank - WDI 2024

Average Trade 2018-2022 of Japan





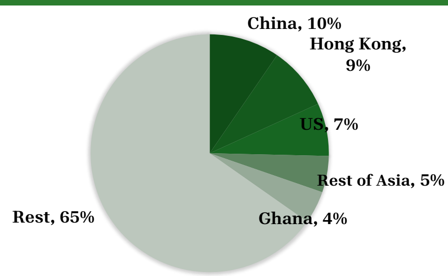


Japan has a trade deficit with the world in agricultural products but not in "Non-Agricultural" products. **Only 7% of Japan's global trade corresponds to agrindustrial sector products. With MERCOSUR, Japan has a trade deficit of nearly 4.8 billion dollars** (average from 2018-2022), mainly stemming from agricultural trade. **The 91% of Japan's imports of products (both Agro and Non-Agro) from MERCOSUR come from Brazil.**

Agricultural average trade 2018-2022 of Japan

Exports

Main Destinations



Mercosur's position:

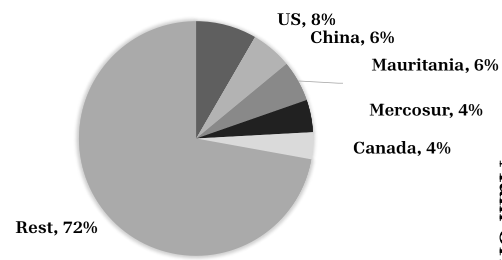
	Position
Mercosur	**46º**
Argentina	128º
Brazil	68º
Paraguay	154º
Uruguay	79º

Top -10 of exported products

	Products	USD millons	Share on total (%)
2106	Food preparations	983	11.8%
0303	Frozen fish	548	6.6%
0307	Mollusks	546	6.5%
2103	Preparations for sauces and prepared sauces	453	5.4%
2208	Undenatured ethyl alcohol with a volumetric alcohol	420	5.0%
1605	Prepared crustaceans	396	4.7%
1905	Bakery products	368	4.4%
2202	Water with sugar	318	3.8%
2206	Other fermented beverages	282	3.4%
0304	Fillets and other fish meat	228	2.7%
	Total Top-10	**4,541**	**54%**

Imports

Main Origins



Mercosur's position:

	Position
Mercosur	**4º**
Argentina	34º
Brazil	7º
Paraguay	60º
Uruguay	85º

Top -10 of imported products

	Products	USD millons	Share on total (%)
0203	Pork	4,429	5.7%
1005	Maize	4,147	5.4%
0304	Fillets and other fish meat	3,410	4.4%
1602	Other meat preparations and preserves	3,171	4.1%
0303	Frozen fish	3,102	4.0%
2404	Products containing tobacco, nicotine	2,974	3.8%
2403	Other tobaccos and tobacco substitutes	2,392	3.1%
0306	Crustaceans	2,231	2.9%
2402	Cigarettes	2,125	2.7%
0201	Fresh bovine meat	2,048	2.6%
	Total Top-10	**30,029**	**39%**

Source: Compiled by GPPS based on Comtrade data (Avg 2018-22).

The importance of Japan's trade with MERCOSUR lies in its imports. MERCOSUR ranks as the 4th most significant source of Japan's imports, primarily due to its trade relationship with Brazil.

Six out of the top ten products imported by Japan are exported by MERCOSUR countries.

WTO Tariff Profile

Tariff measures

Tariffs and imports in total

Total		Total	Ag	Non-Ag
Simple average final bound		4.3	16.2	2.5
MFN applied				
Simple average	2022	3.9	13.4	2.4
Trade weighted average	2022	2.1	13.1	1.1
Imports in billion US$	2021	761.2	63.9	697.3

WTO member since		1995
Binding coverage:	Total	99.7
	Non-ag	99.6
Ag: Tariff quotas (in %)		6.2
Ag: Special safeguards (in %)		5.4

Tariffs and imports in duty ranges

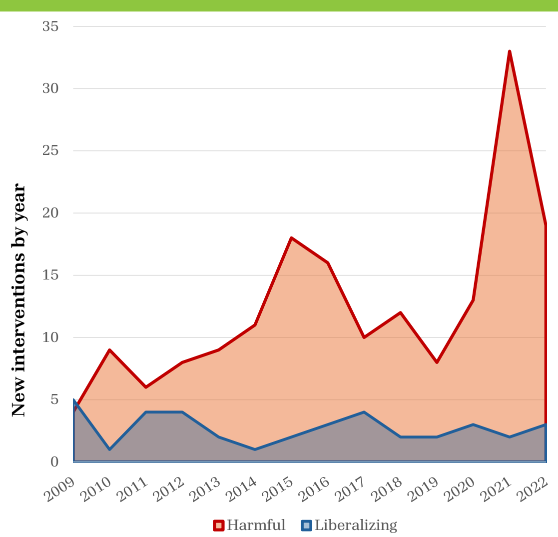
Frequency distribution		Duty-free	0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	NAV
		Tariff lines and import values (in %)								in %
Agricultural products										
Final bound		34.1	18.9	16.1	8	10.8	5.8	2.6	3.6	15.1
NMF applied	2022	35.4	18.4	16.7	7.2	11	6.2	1.4	2.3	13.1
Imports	2021	36.9	17.6	14.6	9.1	9.5	10	0.1	0.7	7.6

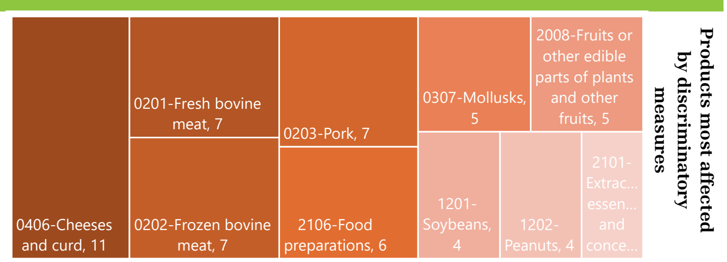
Tariffs and imports by product groups

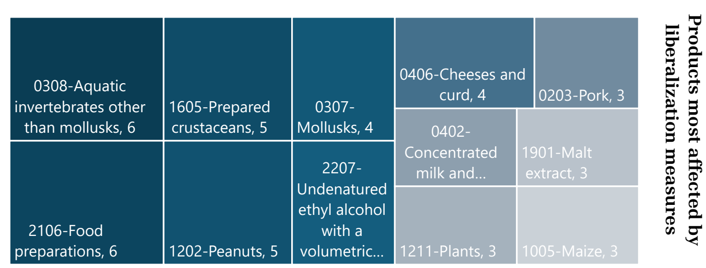
Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products	13.7	45.7	309	100	10.5	45.6	306	1.9	3
Dairy products	85.5	0	411	100	81.6	0	411	0.2	15.2
Fruit, vegetables, plants	9.3	19.6	246	100	9.6	19.3	246	1.4	15.9
Coffee, tea	13.7	22.2	133	100	14.3	22.2	133	0.4	53
Cereals & preparations	50	8.2	482	100	29.7	19.2	482	1.5	64.4
Oilseeds, fats & oils	6.8	46.2	329	100	6.3	47.3	329	1	76.6
Sugars and confectionery	30.6	7.3	114	100	23.8	5.1	92	0.1	8.1
Beverages & tobacco	15.5	19.1	44	100	13.7	29.1	44	1.2	33.3
Cotton	0	100	0	100	0	100	0	0	100
Other agricultural products	3.1	66.5	193	100	3.8	67.8	193	0.7	65.2
Fish & fish products	4.9	4.9	12	91.3	5.7	3	15	1.9	3.1

Source: WTO Tariff profile of Japan. URL: https://www.wto.org/spanish/res_s/publications_s/world_tariff_profiles23_s.htm

Non-tariff measures



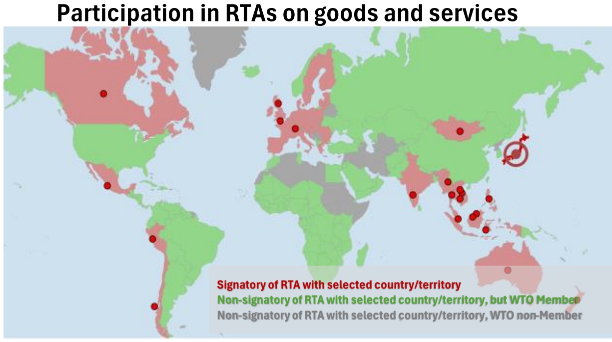




Notes: Both graphs show the number of interventions. Source: Global Trade Alert. URL: http://www.globaltradealert.org/

Trade agreements

Participation in RTAs on goods and services



Source: Extracted from WTO - https://www.wto.org/

Agreements in force

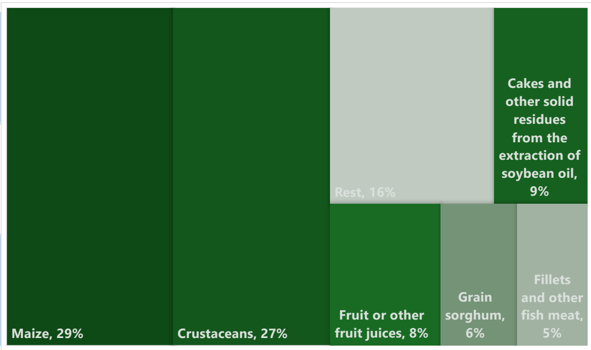
1. ASEAN-Japan
2. Brunei Darussalam - Japan
3. Chile - Japan
4. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
5. EU -Japan
6. India - Japan
7. Japan - Australia
8. Japan - Indonesia
9. Japan - Malaysia
10. Japan - Mexico
11. Japan - Mongolia
12. Japan - Peru
13. Japan - Philippines
14. Japan - Singapore
15. Japan - Switzerland
16. Japan - Vietnam
17. United Kingdom - Japan

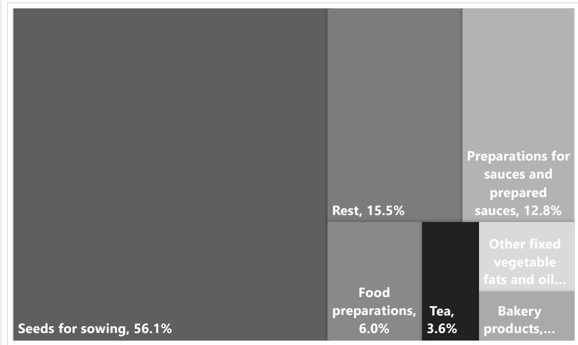
Japan's bilateral agricultural trade with MERCOSUR countries

This section presents the agricultural trade of the Japan with each of the MERCOSUR countries. **It provides insights into the main agricultural products traded between the Japan and individual MERCOSUR countries**, along with the average bilateral trade amounts (in current USD) from 2018 to 2022.

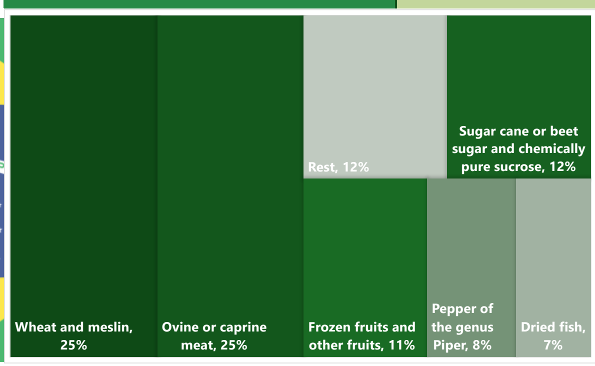
It highlights the heterogeneity of exports and imports among MERCOSUR countries; aggregating them hide the relative importance of trade with Paraguay and Uruguay, placing greater emphasis on Brazil and Argentina due to their significantly larger trade volumes.

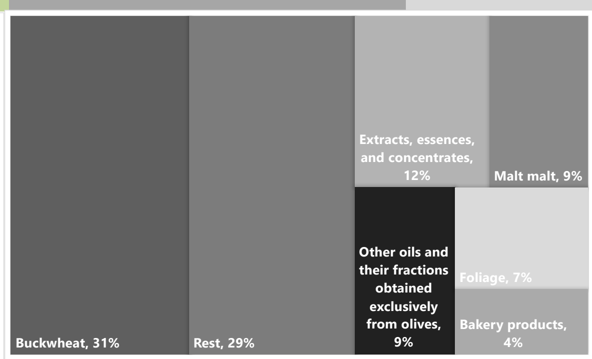
Argentina's exports to Japan: 589.24 millons USD | **Japan's exports to Argentina: 1.2 millons USD**



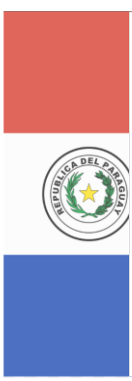


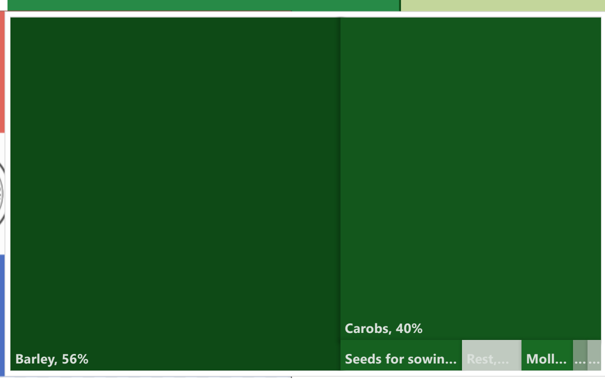
Brazil's exports to Japan: 3,377.3 millons USD | **Japan's exports to Brazil: 12.5 millons USD**



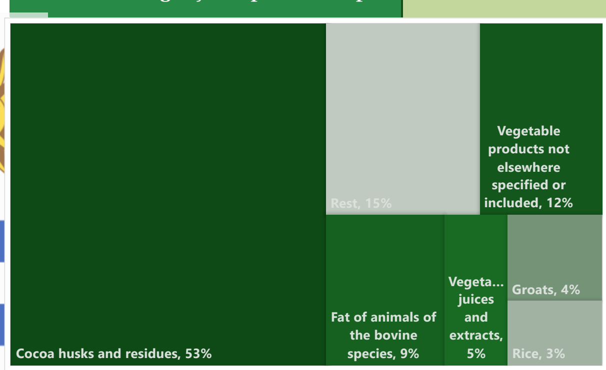


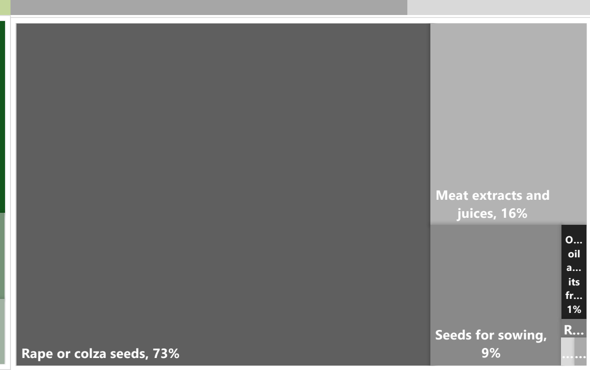
Paraguay's exports to Japan: 47.4 millons USD | **Japan's exports to Paraguay: 0.15 millons USD**





Uruguay's exports to Japan: 35.8 millons USD | **Japan's exports to Uruguay: 1.1 millons USD**





Notes: Values are averages for 2018-2022. The top 6 products are shown. Source: Comtrade 2024.

Products from MERCOSUR countries with Potential-Threat in Japan

Mehtodology

The **Potential (or Threat) of exporting a product is analyzed for each of the MERCOSUR countries**, considering products classified at the four-digit Harmonized System (HS04) level.

The analysis is conducted based on the calculation and interpretation of the Revealed Comparative Advantage (RCA) index following Lima & Álvarez (2008).

A product is considered to have export ***Potential*** **if the exporting MERCOSUR country has a Revealed Comparative Advantage** (RCA index >= 1) in its exports, **and the importing country also has a Revealed Comparative Advantage** (RCA index >= 1) in its imports of the same productn, indicating export risks.

The data source used is COMTRADE, and all values are averaged over 2018-2022.

Analysis by MERCOSUR country

Product		Have:	Argentine exports to JPN (USD millions)	Argentine exports to World (USD millions)	JPN relevance on Argentine exports	JPN imports from World (USD millions)	Argentine relevance on JPN's total imports (in %)
1005	Maize	Potential	168.7	6,777	2.5%	4,147	4.1%
1007	Grain sorghum		32.5	327	9.9%	100	32.4%
1506	Other animal fats and oils		0.0	0	67.4%	2	3.0%
1515	Other fixed vegetable fats and oils		2.2	66	3.4%	163	1.4%
1521	Vegetable waxes		0.6	5	11.7%	23	2.8%
2009	Fruit or other fruit juices		47.1	474	9.9%	676	7.0%
0101	Horses		2.2	32	6.7%	176	1.2%
0205	Horse meat		7.3	107	6.8%	42	17.6%
0304	Fillets and other fish meat		30.1	360	8.3%	3,410	0.9%
0306	Crustaceans		159.5	1,947	8.2%	2,231	7.1%
0404	Whey		3.5	103	3.4%	142	2.4%
0405	Butter		0.8	79	1.0%	90	0.9%
0406	Cheeses and curd		12.9	284	4.6%	1,309	1.0%
0408	Eggs of birds without shell		3.5	15	22.5%	66	5.3%
0409	Natural honey		14.4	261	5.5%	160	9.0%
0506	Bones and horn-cores		0.5	1	88.5%	56	0.9%
0510	Ambergris		0.9	14	6.2%	30	2.9%
0903	Yerba mate		0.0	34	0.1%	0	11.3%
1207	Other oil seeds and fruits	Threat	0.5	26.7	2.0%	318	0.2%
1212	Carobs		0.1	1.0	6.5%	271	0.0%
1404	Vegetable products not elsewhere specified or included		0.0	0.5	3.2%	250	0.0%
1806	Chocolate and other food preparations containing cocoa		1.3	92.4	1.4%	635	0.2%
2301	Fish meal and pellets		1.6	66.8	2.4%	273	0.6%
0106	Other live animals		0.1	2.2	2.6%	53	0.1%
0204	Ovine or caprine meat		0.7	26.5	2.5%	203	0.3%
0504	Guts		0.3	59.8	0.4%	282	0.1%
0508	Coral and similar materials		0.0	0.0	54.1%	7	0.3%
0511	Products of animal origin not elsewhere specified or include		0.1	50.0	0.2%	123	0.1%
0703	Onions		0.3	212.0	0.2%	260	0.1%
0712	Dried vegetables		0.0	3.8	0.0%	334	0.0%
0713	Shelled dried vegetables		1.2	575.4	0.2%	193	0.6%
0806	Grapes		0.0	79.4	0.0%	215	0.0%
0813	Dried fruits and other fruits		0.2	66.0	0.2%	57	0.3%
0902	Tea		0.0	105.9	0.0%	172	0.0%

Most of the products identified with potential for increased exports to Argentina have possibilities, except for five. **Sorghum and horse** meat already have a high share in Japan's imports, so **increasing this share does not seem to be a viable strategy for Japan.**

For the other three **(1506, 0408, and 0506), Japan is a very important destination for Argentina, so expanding this share—and dependence—would not be a recommended strategy for the country.**

Among the products at risk of decreased exports to Japan, the most important for Argentina is 0508; however, the export volumes are very low. Generally, the low shares for both Argentina and Japan demonstrate a higher risk—and ease—of origin substitution.

Code	Product	Have:	Brazilian exports to JPN (USD millions)	Brazilian exports to World (USD millions)	JPN relevance on Brazilian exports	JPN imports from World (USD millions)	Brazil's relevance on JPN's total imports (in %)
1005	Maize	Potential	855.4	6485.9	13.2%	4147.3	20.6%
1515	Other fixed vegetable fats and oils		19.0	75.5	25.2%	163.0	11.7%
1521	Vegetable waxes		13.3	132.9	10.0%	23.2	57.5%
1522	Degras		2.2	2.3	96.5%	10.4	21.2%
1601	Sausages and similar meat products		18.1	90.8	19.9%	161.2	11.2%
2101	Extracts, essences, and concentrates		54.0	683.4	7.9%	220.6	24.5%
2207	Undenatured ethyl alcohol with a volumetric alcohol conter		398.7	1433.8	27.8%	536.8	74.3%
2307	Lees or wine dregs		0.2	0.9	21.2%	1.2	15.3%
0207	Meat and edible offal of poultry		850.8	5953.7	14.3%	1305.4	65.2%
0506	Bones and horn-cores		5.7	11.9	48.1%	56.3	10.2%
0510	Ambergris		22.3	102.5	21.7%	29.7	75.0%
0901	Coffee		374.9	8667.4	4.3%	1356.1	27.6%
1004	Oats	Threat	0.2	1.3	16.7%	21.9	1.01%
1007	Grain sorghum		0.5	3.3	16.6%	100.3	0.54%
1008	Buckwheat		1.5	1.9	77.3%	36.2	4.10%
1105	Potato flour		0.0	0.5	8.7%	45.9	0.10%
1207	Other oil seeds and fruits		3.8	54.7	7.0%	318.3	1.20%
1404	Vegetable products not elsewhere specified or included		4.9	23.5	20.8%	250.3	1.95%
1801	Raw cocoa beans		1.5	4.9	29.9%	132.8	1.10%
2201	Unsweetened water		0.0	0.3	7.3%	163.1	0.01%
2209	Vinegar and vinegar substitutes obtained from acetic acid		0.1	1.3	5.9%	10.5	0.72%
0106	Other live animals		0.0	0.8	4.2%	52.8	0.07%
0205	Horse meat		1.5	4.9	29.5%	41.6	3.51%
0301	Live fish		1.6	8.5	18.6%	432.0	0.37%
0306	Crustaceans		4.1	99.3	4.1%	2231.0	0.18%
0408	Eggs of birds without shell		1.1	5.8	18.9%	65.9	1.66%
0508	Coral and similar materials		0.0	0.0	44.2%	7.4	0.01%
0603	Flowers and buds		0.1	1.5	4.7%	344.4	0.02%
0712	Dried vegetables		0.0	0.4	3.8%	333.6	0.00%
0902	Tea		0.1	2.6	4.2%	171.5	0.06%
0905	Vanilla		0.0	0.0	76.8%	20.9	0.17%

Japan is already an important destination for Brazil in almost all products identified as having potential. Therefore, an increase would imply greater dependence for Brazil, which is not advisable.

Corn, vegetable waxes, extracts and essences, and coffee are the products that should have the highest priority for growth for Brazil. However, the high share they already hold in Japan's imports makes further dependence an unviable strategy for the country.

Most of the products at risk should be monitored by Brazil, as they are very important to its markets, and their low share in Japan's imports makes them easily replaceable

Code	Product	Have:	Paraguayan exports to JPN (USD millions)	Paraguayan exports to World (USD millions)	JPN relevance on Paraguayan exports	JPN imports from World (USD millions)	Paraguay's relevance on JPN's total imports (in %)
1207	Other oil seeds and fruits	Potential	19.12	135.16	14.1%	318	6.0%
1209	Seeds for sowing		0.84	1.28	65.4%	216	0.4%
2302	Bran, shorts, and other milling residues		0.35	27.11	1.3%	37	1.0%
2304	Cakes and other solid residues from the extraction of soybe		26.47	1,037.19	2.6%	830	3.2%
0814	Citrus peel		0.06	5.01	1.2%	10	0.6%
1211	Plants	Threat	0.10	12.47	0.8%	265	0.0%
1212	Carobs		0.09	1.14	8.0%	271	0.0%
2101	Extracts, essences, and concentrates		0.05	1.49	3.1%	221	0.0%
0301	Live fish		0.06	0.23	26.1%	432	0.0%
0306	Crustaceans		0.00	0.00	57.4%	2,231	0.0%
0712	Dried vegetables		0.08	0.11	66.5%	334	0.0%
0802	Other fresh or dried nuts		0.01	0.92	0.9%	512	0.0%

All products identified with potential for export growth have a good chance of advancing. The only exception for Paraguay is planting seeds, as Japan already represents a significant share of this market.

Most products at risk of decreased exports from Paraguay have Japan as a relatively minor destination, except for codes **0301, 0306, and 0712.** For these, **Paraguay should monitor closely, as Japan is a crucial market.** However, the low significance of these products in Japan's imports increases the likelihood of substitution

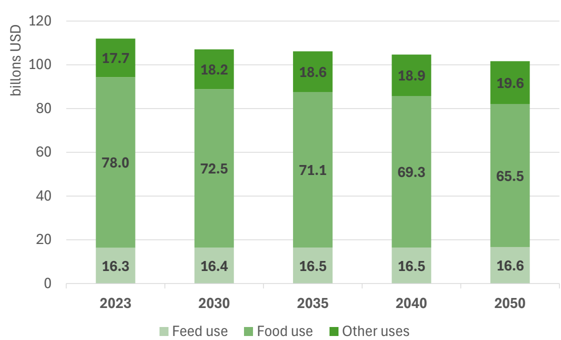
Product		Have:	Uruguayan exports to		JPN relevance on Uruguayan exports	JPN imports from World (USD millions)	Uruguay's relevance on JPN's total imports (in %)
			JPN (USD millions)	World (USD millions)			
1004	Oats	Potential	0.3	3.1	10%	22	1.4%
1505	Wool grease and derived fatty substances		0.9	7.9	11%	22	3.9%
1506	Other animal fats and oils		0.0	0.0	40%	2	1.3%
1602	Other meat preparations and preserves		1.7	58.9	3%	3,171	0.1%
1603	Meat extracts and juices		0.9	0.9	100%	29	2.9%
0106	Other live animals		0.1	0.6	8%	53	0.1%
0201	Fresh bovine meat		19.1	602.4	3%	2,048	0.9%
0205	Horse meat		1.4	39.4	4%	42	3.5%
0206	Edible offal of bovines		3.1	144.5	2%	1,070	0.3%
0507	Ivory		0.0	0.1	14%	3	0.5%
0510	Ambergris		0.0	3.2	1%	30	0.1%
1515	Other fixed vegetable fats and oils	Threat	0.05	7.60	0.7%	163	0.0%
1604	Preparations and preserves of fish		0.17	3.53	4.9%	1,676	0.0%
2009	Fruit or other fruit juices		0.17	10.51	1.6%	676	0.0%
2204	Fresh grape wine		0.24	25.19	1.0%	1,728	0.0%
2402	Cigarettes		0.59	9.42	6.3%	2,125	0.0%
2403	Other tobaccos and tobacco substitutes		0.23	4.10	5.7%	2,392	0.0%
0101	Horses		0.01	1.45	1.0%	176	0.0%
0303	Frozen fish		0.73	75.17	1.0%	3,102	0.0%
0304	Fillets and other fish meat		1.08	5.52	19.5%	3,410	0.0%
0307	Mollusks		0.08	13.76	0.6%	1,225	0.0%

Except for meat juice extracts and 'other animal fats and oils,' all identified products with potential for export growth seem to have promising prospects. These exceptions are due to Japan already being a significant destination; in fact, for the first product, all exports are sent to Japan.

On the other hand, **all products at risk of decreased exports from Uruguay have a low share in Japan's imports, posing a higher** relative **risk of losing market position. Among these, two are especially important destinations** for Uruguay: 0303 and 2204

Food demand projections from Japan

Demand projections by 2050, by kind of use



Changes in Food Demand

2050 vs 2023

-9%

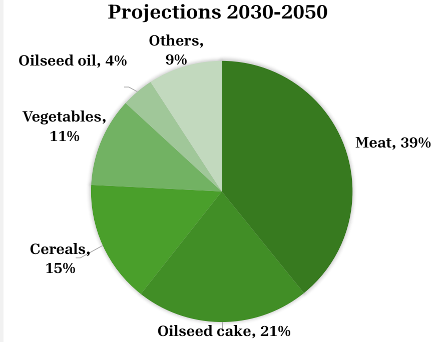
2040 vs 2023

-7%

2030 vs 2023

-4%

Share of Food Categories in Average Projections 2030-2050



Source: FAO- Food and agriculture projections to 2050- Country Data Market

A decline in food demand in Japan is projected, with a decrease of about 4% by 2030 and 9% by 2050. Within these projections, the largest share is for products intended for human consumption, which is the only segment with a forecasted decline. These projections are a negative point for MERCOSUR, as the main export products to this destination are for human consumption.

However, the relative stability in demand for animal feed and the primary segments in the projections — meats, oilseed meal, and cereals — are a positive point for MERCOSUR, given the current competitiveness in these products.

Conclusions

Although Japan's market comprises 125 million people and represents 1.6% of the global population, it has a negative population growth rate. Its GDP per capita is nearly three times the global average, and its GDP growth is quite stable, increasing at a rate that is one-third of the global average. Trade accounts for nearly 50% of its GDP, with agriculture being the sector that generates the least value added.

Japan's trade is predominantly in non-agricultural products, with only 7% of Japan's global trade consisting of agicultural products. With MERCOSUR, Japan has a trade deficit of nearly 4.8 billion USD (average from 2018-2022), mainly stemming from agricultural trade. Brazil is the primary supplier of these imports from MERCOSUR, accounting for 91% of MERCOSUR-origin imports, while 81% of exports to MERCOSUR are destined for Brazil.

In exclusively agricultural trade, MERCOSUR's relationship with Japan is primarily centered on imports. MERCOSUR is the 4th largest supplier of agricultural products to Japan, a position mainly due to imports from Brazil. However, MERCOSUR accounts for less than 4% of Japan's total agricultural imports.

The top 10 imported products represent almost 40% of total imports, averaging 30 billion USD, and are predominantly intended for human consumption, including various meats—pork, beef, and fish. There is no high concentration in terms of origin or products in these imports.

The tariff level for agrricultural products is significantly higher than for non-agro ones: the simple applied MFN for agricultural products is nearly 5.6 times higher than for others. However, more than 70% of the lines have tariffs of 10% or less. The products with the highest average applied tariffs are dairy (81.6%), cereals and other preparations (29.7%), and sugar and confectionery items (23.8%). Nevertheless, the most exported products from MERCOSUR to Japan have an average tariff of less than 13%.

There is no homogeneity in the products exported by MERCOSUR countries to Japan, but generally, they are more frequently intended for human consumption, except in the case of Argentina. However, there is a strong product concentration. The top two products account for 50% or more of exports to this destination. This product concentration itself poses a risk for MERCOSUR, as any issue with one of them represents a significant proportion of trade with this country, especially in the case of Brazil.

A decline in Japan's demand is expected due to projections for human consumption food, while the rate for animal consumption food is slightly positive. An analysis of the potential for export growth was conducted based on competitiveness given by Revealed Comparative Advantages, not only in exports from MERCOSUR but also concerning Japan's imports.

Among the products with export potential, those with a relatively low share in Japan's imports are considered more likely to increase. When the share is high, the strategy of increasing Japan's dependence on such products seems unlikely. Additionally, it should not be MERCOSUR's strategy to increase exports to a destination that already represents a high share, as this positions them at greater risk.

Argentina, Uruguay, and Paraguay are the MERCOSUR countries with the most potential to expand exports to Japan, while Brazil has the most products at risk, given the current weight of its trade.

Certainly, an economic complementarity agreement with Japan would be favorable for MERCOSUR. The extensive trade history between the two regions is a plus, and such an agreement could boost trade flows, currently hindered by high tariffs—compared to other competitors who already have trade agreements. MERCOSUR needs to gain competitiveness through these agreements to offset the high costs due to the long distances in markets like Japan. This type of agreement would facilitate trade and encourage the diversification of MERCOSUR's export basket to this destination.