Japan

MARKET SNAPSHOT | BEEF & SHEEPMEAT

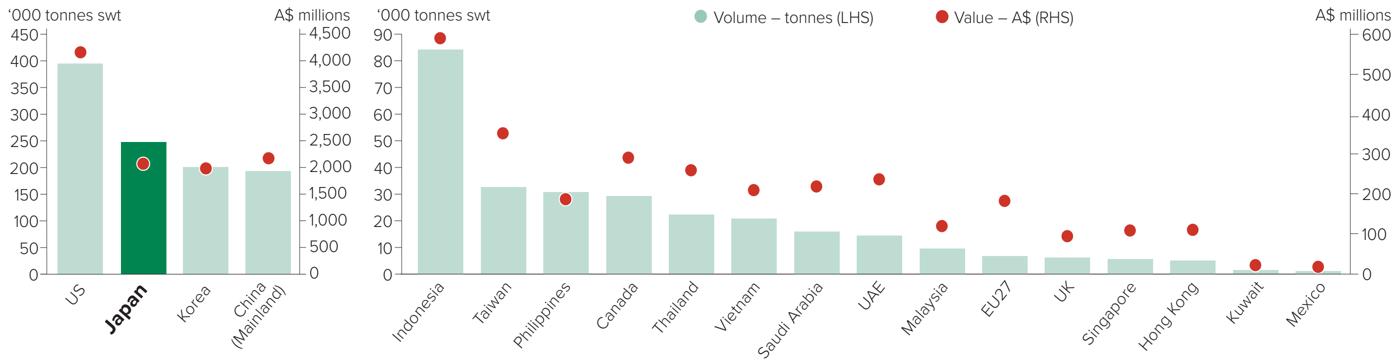
MLA
MEAT & LIVESTOCK AUSTRALIA

EXPORTS
Large and established export destination, particularly for grainfed beef

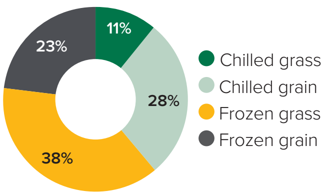
CONSUMERS
Large pool of mid-income consumers, challenged by increasing cost of living

GROWTH
Red meat with good taste that supports health and wellbeing

Australian beef exports to Japan in a global context [1 and 2]

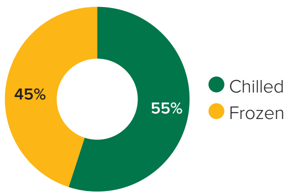


Australian beef exports – volume[1]



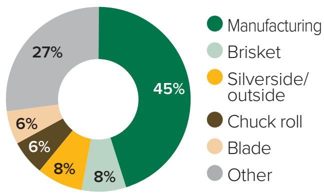
Total 247,605 tonnes swt

Australian beef exports – value[2]

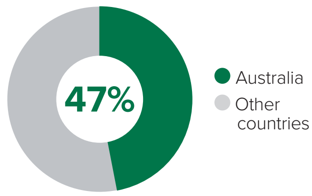


Total A$2.07 billion

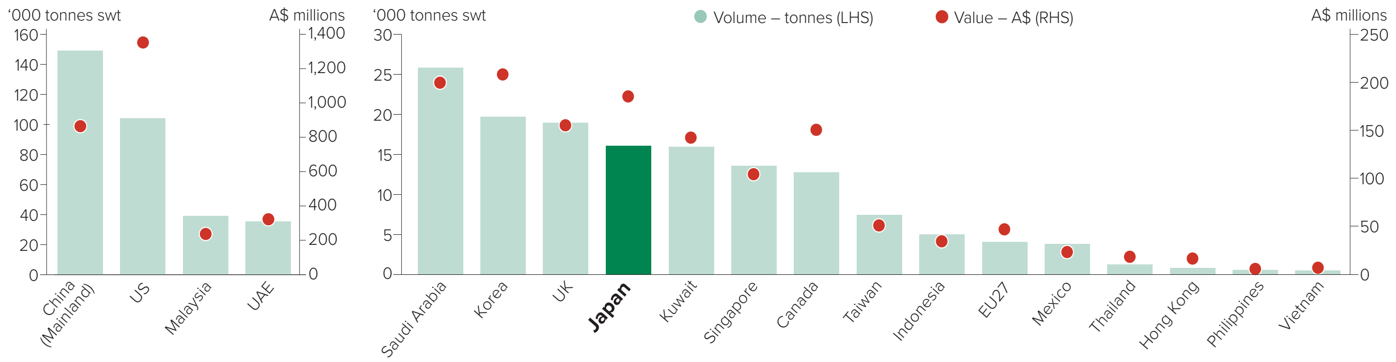
Australian beef exports by cut[1]



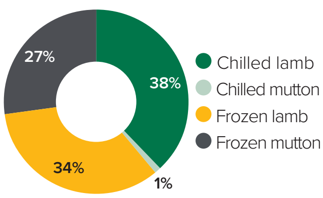
Australia's volume share of beef imports[2]



Australian sheepmeat exports to Japan in a global context [1 and 2]

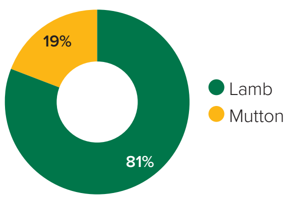


Australian sheepmeat exports – volume[1]



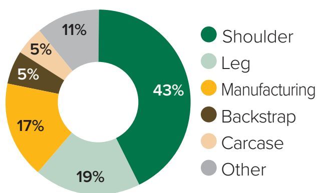
Total 16,114 tonnes swt

Australian sheepmeat exports – value[2]

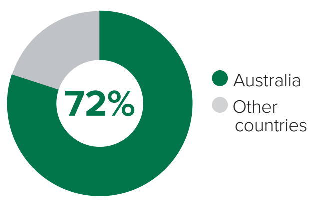


Total A$185 million

Australian sheepmeat exports by cut[1]



Australia's volume share of sheepmeat imports[2]



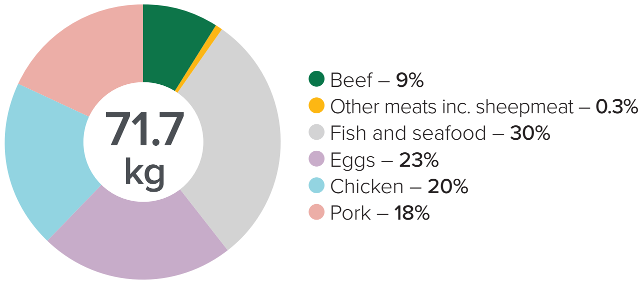
Data source for charts: [1]DAFF (CY2024), [2]Trade Data Monitor (TDM) (MAT November 2024)

Beef

CONSUMERS

- Japanese consumers appreciate balance and variety in their diet, and often seek food that delivers both enjoyment and health benefits. With almost one third of the population (30%) over 65 years of age, Japanese consumers have a strong interest in staying healthy, active and alert *(Source: Fitch Solutions)*.

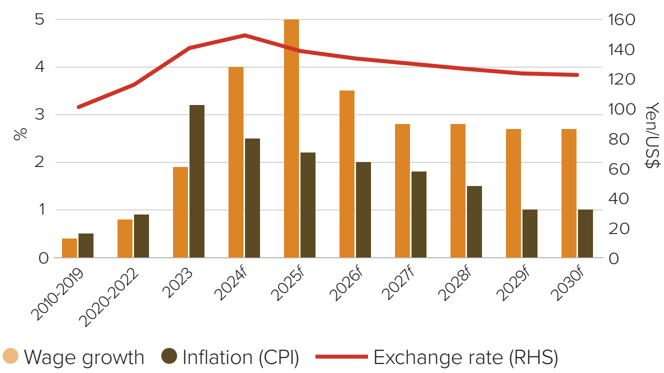
Protein consumption per capita



Source: MAFF (Ministry of Agriculture, Forestry and Fisheries of Japan), Annual consumption volume per person in kilogram product weight, Japanese fiscal year (JFY) April 2023 to March 2024

- Beef is considered to be the most premium protein, underpinned by a strong emotional connection and a uniquely enjoyable flavour experience. Japanese consumers highly regard marbled Japanese Wagyu beef as the most prestigious beef for special occasions, while *akami* (leaner meat) such as Australian beef is more suited to a variety of Western and Japanese-style everyday meals.
- Eased but still elevated levels of inflation, a weakened Yen and slow real wage growth continue to challenge Japanese consumer spending.
- In contrast, inbound tourism has surged, with 2024 expected to set a record and tourism receipts projected to exceed US$60 billion *(Source: Fitch Solutions, Japan Tourism Statistics)*. Japan aims to attract 60 million foreign visitors by 2030 *(Source: Ministry of Foreign Affairs of Japan)*.
- Sustainability is an emerging concept in Japan, with more major businesses increasing their focus as a part of their Corporate Social Responsibility (CSR). Japanese consumers remain less swayed by ethical or sustainable call outs on food products than global consumers but they expect businesses to steer the sustainability movement by reducing package waste, selling imperfect product, and offering loyalty incentives *(Source: GlobalData Global Consumer Survey Q2 2024, Japan Finance Corporation consumer sentiment survey on sustainable food products 2022)*
- Despite economic and socio-demographic challenges, Japan remains the third largest importer of beef globally and ranks fourth in global grocery market size at US$343.5 billion (Australia ranks 16th) *(Source: Fitch Solutions, IGD)*. These market factors, and established trust from consumers provide Australia with ongoing opportunities to enhance Japan's beef demand into the future by continuously reinforcing the goodness of beef, and leveraging Australia's reputation as a safe, natural and trusted supplier.

Japan economic indicators

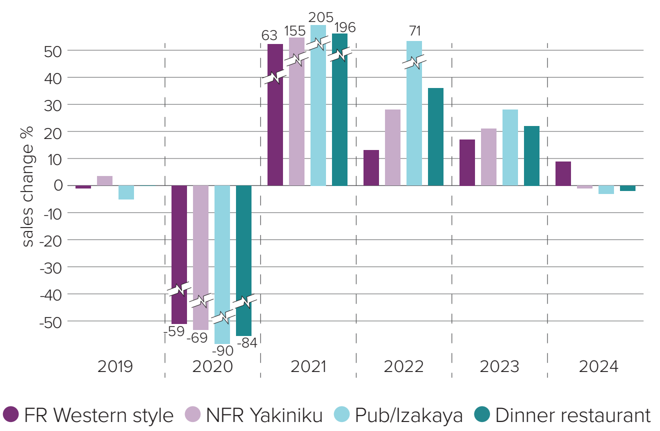


Source: IMA, Fitch Solutions, Includes estimates and forecast, Wage growth: %, in Yen terms, Inflation = Consumer Price Index, year average %

FOODSERVICE

- Japan's restaurant sector is one of the most developed in the world in size and sophistication, with a diverse range of global cuisines and price points available to consumers. It is also the key channel for beef, which accounts for approximately 55% of total beef consumed in the market *(Source: MLA Estimate 2024)*. Consumers appreciate highly marbled Japanese Wagyu beef for high-end dining, while leaner/less marbled Australian beef is enjoyed across the foodservice sector.
- Australia is a major supplier of beef to hamburger chains and casual dining restaurants in Japan. Mid-range eateries and hotels are also key users of Australian beef. Products such as premium grassfed, highly marbled or breed-specific Australian beef are also emerging with potential for further growth. MLA estimates that about the half of Australian beef exported to the market is utilised in the foodservice sector.
- Japan gradually removed COVID-19 related restrictions from 2022, but the foodservice sector still experiences lingering challenges. While many workers have returned to the office and to after-work drinks and meal rituals, tough economic conditions and young people preferring to socialise in smaller circles and spend time privately have left eateries in business districts struggling.
- The sector is supported by the recent tourism boom, to the benefit of fine dining and casual operators. Despite economic challenges, Tokyo, Osaka and Kyoto are ranked in the top five cities in number of Michelin-starred restaurant, proving the sophistication of Japan's fine dining scene.
- Other businesses are adapting to the change in market with differentiated strategies for growth, for example opting for cheaper proteins on their menus, all-you-can-eat promotions, and increased offerings for 'solo' (single) diners.

Grocery retail sales by channel forecast



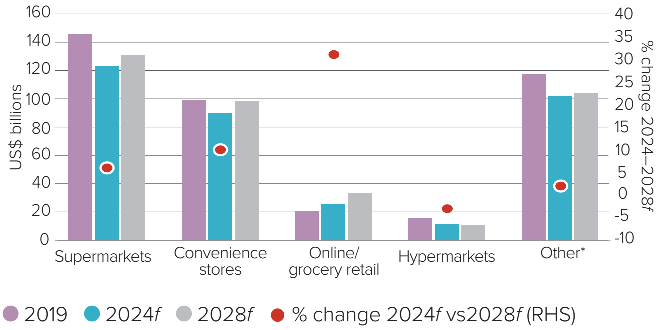
Source: Japan Foodservice Association, comparison – month of April

Beef

RETAIL

- The Japanese retail food market is highly sophisticated, but also very fragmented, with almost 60% of the grocery market occupied by many regional and/or second-tier players *(Source: IGD)*.
- Supermarkets are the most common place for Japanese consumers to purchase both fresh and cooked food items, including imported beef. Supermarket sales in 2024 have seen a slight increase from the previous year, with rising food prices offsetting softened consumer spend due to the rising cost of living.

Grocery retail sales by channel forecast



*Source: IGD, *Other includes traditional channels and other modern retail*

- Variety and convenience are very important for Japanese consumers. Convenience stores form the second largest retail channel in Japan after supermarkets, with ready-to-eat meals (bento/lunch box) and delicatessen products making up about one-third of the channel's total sales. While red meat does not traditionally hold a lot of space, there is opportunity to introduce more beef options across all formats. Besides bento boxes, Australian beef is often used for frozen/long-life food items and snacks such as beef jerky.
- Online retail is expected to grow faster than offline *(Source: IGD)*. Many Japanese consumers, however, particularly older generations, still prefer to seek out the 'value offer of the day' (price, freshness, seasonality and variety) in-store.

Japanese consumers' key associations with Australian beef

✓ Is guaranteed safe to eat

✓ Is fresh

✓ Has consistent quality standards

✓ Is the most delicious

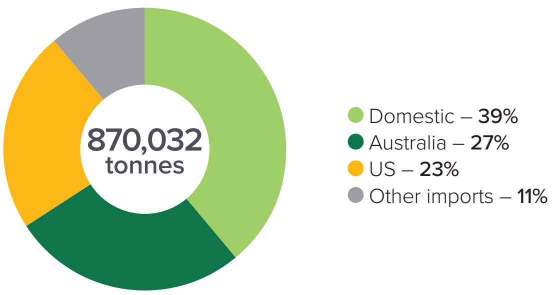
✓ Is my/family's favourite beef

Source: MLA Global Consumer Tracker Japan 2024

COMPETITIVE LANDSCAPE

- Beef consumption in the Japanese fiscal year 2023–2024 (April 2023 to March 2024) was 870,000 tonnes (product weight), down 1% from the previous year, with a decline in imports (down 2% year-on-year) partially offset by an increase in domestic consuption (up 1%). Beef from Wagyu cattle makes up about half of Japanese production *(Source: Agriculture & Livestock Industries Corporation of Japan (ALIC))*.

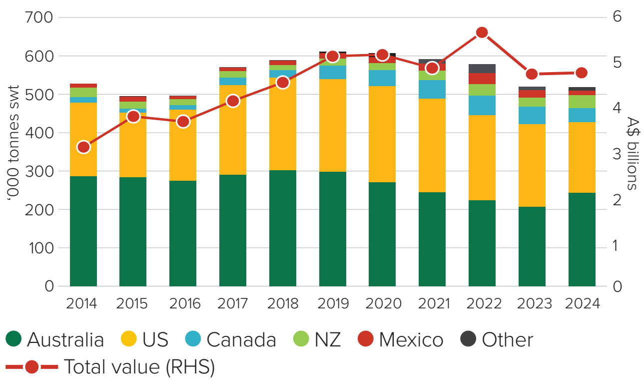
Japan beef consumption by supplier



Source: ALIC, Trade Data Monitor (TDM), MLA Estimate, based on product weight, JFY 2023–24

- Australia and the US are the main suppliers of imported beef into Japan. Approximately 80% of imports from the US are brisket/shortplate cuts (largely supplied to *gyudon* rice bowl users), and another 18% are shoulder/round cuts for other foodservice and supermarket trade. The US is also a major supplier of beef offal (tongue in particular) to Japan's *yakiniku* restaurants *(Source: Trade Statistics of Japan)*.
- The average import value of US beef in 2024 increased by 15% to 960 Yen/kg (or A$9.72), due to the combined effect of reduced supply from the US, and the weak Japanese Yen.
- Australia has two effective trade agreements for beef with Japan – the Japan-Australia Economic Partnership Agreement (JAEPA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The import tariff on beef for CPTPP member countries, including Australia, will be reduced to 9% by 2033, from the current 22.5% (21.6% from 1 April 2025) – with the CPTPP tariff being more favourable for Australian beef than JAEPA. The tariff on US beef is matched with the CPTPP rate, under the US-Japan Trade Agreement.
- Canada and New Zealand have increased their shipments to Japan since the commencement of the CPTPP, albeit from a low base. Other competitors such as Mexico and Uruguay have also supplied small volumes to date *(Source: Trade Data Monitor (TDM))*.
- Japan exports a small quantity of premium beef (8,652 tonnes swt in Japanese fiscal year 2023–2024), with the majority being highly marbled Wagyu beef. Their main markets are North Asia, South-East Asia and North America, which take almost 90% of total shipments. Australia imported 90 tonnes swt of Japanese beef during the same period *(Source: Trade Data Monitor (TDM))*.

Japan beef imports by supplier*



*Source: Trade Data Monitor (TDM), *MAT year ending September*

Sheepmeat

CONSUMERS

- Sheepmeat has a minor but relatively established presence in Japan, in comparison to other niche proteins. Lamb resonates with the market's tradition of seeking a variety of foods that deliver enjoyment, but also nutritional balance in the diet.
- Japanese consumers, particularly young and more trend-conscious consumers, have positive associations with lamb being tasty and having high nutritional value. However, many also feel they are unfamiliar with lamb and unsure about how to cook it *(Source: MLA Global Consumer Tracker Japan 2024)*. Current per capita sheepmeat consumption is extremely low, indicating scope for potential future growth.

Attributes important for all proteins and lamb associations

What attributes are important for Japanese consumers (all proteins) when they are paying 'a bit more' ?	What associations do consumers have with lamb?
Tastes delicious	Low in fat
Guaranteed safe to eat	High nutritional value
Consistent quality standards	Tastes delicious
High nutritional value	Meat is tender

Source: MLA Global Consumer Tracker Japan 2023

FOODSERVICE

- Foodservice is the main channel for sheepmeat in Japan. In particular, *Genghis Khan* (sheepmeat barbecue on a table-top grill) restaurants have been a significant driver of Australian sheepmeat demand in Japan.
- Japan experienced a significant increase in tourist numbers in 2024, returning to pre-COVID levels. This helped foodservice operators in major cities and key tourism areas, including *Genghis Khan* restaurants in Hokkaido (Northern island of Japan). Growing popularity of *Genghis Khan* restaurants has slowly moved to the mainland, with establishments in Tokyo and Osaka reportedly attracting local patrons.
- Lamb does not have the price competitiveness of pork or chicken but is appealing for restaurants that seek a point of difference and higher value dishes. Lamb is increasingly seen on menus in various foodservice outlets, including *shabu shabu* and Chinese style skewers, steakhouses, meat bistros as well as international cuisine such as Greek and modern Mediterranean venues.

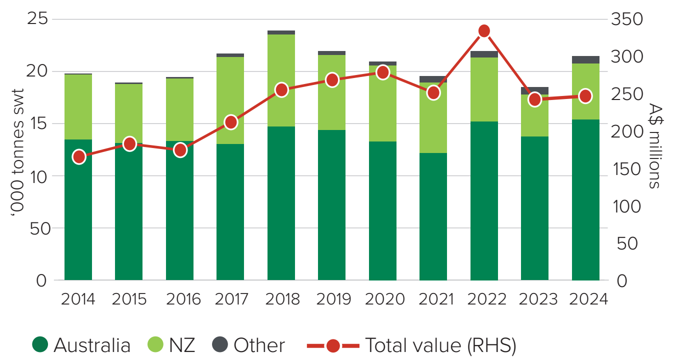
RETAIL

- Hokkaido remains the largest lamb region in terms of sales volume. Concurrently, retailers in Kanto (East Japan) and Kansai (West Japan) continue to increase their shelf space for lamb. Besides growing consumer interest, stable supply from Australia in 2024 has also helped retailers promote lamb.
- New Zealand has a competitive presence in the sector with its smaller-sized bone-in (lamb cutlet) products, while Australia offers a greater range of products including shoulder, rack, chump, *yakiniku*-style cuts and steak cuts.
- The COVID-19 pandemic delivered a positive effect on lamb at retail as more consumers sought 'something different' to cook at home. Products like *Ajitsuke Genghis Khan* frozen packs – cut, marinated and ready to be cooked – are emerging, offering a 'different' flavour for consumers at home. However, increasing 'cost of living' pressures and a weak Yen have led to a more challenging sales environment for higher value proteins such as lamb.
- Country of origin labelling is mandatory at Japanese retail, and communicating Australian lamb as a tasty, healthy meal option that is 'a little bit different' remains a priority in a market where people place great emphasis on quality, variety and a healthy diet.

COMPETITIVE LANDSCAPE

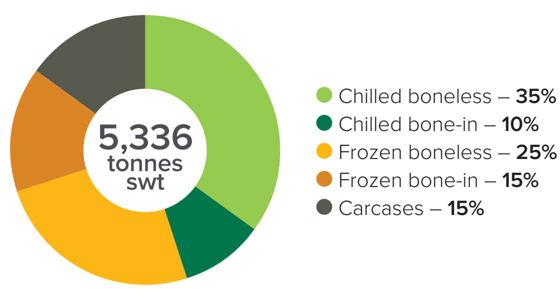
- The Japanese sheepmeat industry remains very small, with the latest production data recorded in Japanese fiscal year 2022–23 of 197 tonnes cwt *(Source: Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF))*.
- Australia is the dominant imported sheepmeat supplier to Japan but is facing continued competition from New Zealand, which enjoys the same access conditions. Other smaller volume suppliers include Iceland, Argentina, Chile, France and the UK.

Japan sheepmeat imports by supplier*



*Source: Trade Data Monitor (TDM), *MAT year ending September*

Japan sheepmeat imports from New Zealand*



*Source: Trade Data Monitor (TDM), *MAT year ending September*

Beef

Market access overview – beef

Trade agreements	Import tariffs*	Competitors	Volume restrictions	Technical access
Comprehensive and Progressive Agreement for Trans Pacific Partnership **(CPTPP)** Japan-Australia Economic Partnership Agreement **(JAEPA)**	**Under CPTPP:** 22.5% for chilled and frozen beef From **1 April 2025** – 21.6% 9% on **1 April 2033**	**US:** The US-Japan Trade Agreement tariff is matched with CPTPP **Canada, NZ, Mexico:** Same condition as Australia under CPTPP	**Safeguard** Tariff bounces back to 30% if imports exceed trigger level*	No major hurdles

Best access — Major challenges

Source: Trade agreements, DFAT, MLA
**Visit DFAT Free Trade Agreement Portal (ftaportal.dfat.gov.au) for detailed tariff schedule under JAEPA and CPTPP, safeguard, prepared meat, offal and live animals*

Sheepmeat

Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
Comprehensive and Progressive Agreement for Trans-Pacific Partnership **(CPTPP)** Japan-Australia Economic Partnership Agreement **(JAEPA)**	NIL (for all countries)	**New Zealand:** Same access conditions as Australia	Zero	No major hurdles

Best access — Major challenges

Source: Trade agreements, DFAT, MLA