

From Japan External Trade Organization (JETRO) San Francisco Office

August 2013

“Thoughts on the collaborative agricultural relationship between California and Japan”

Dear Sir/Madam in the California Business Community,

Today, I would like to discuss strategies to collaborate in agricultural space, as every country has its own domestic political situations and national security sentiments.

As I mentioned in the last letter, the Japanese government is trying to come up with a way to go beyond self-containment in its tiny domestic market and expand into global markets. JETRO has set up support mechanisms to encourage Japanese agricultural and food related entities to move forward in this direction. At the same time, we are ready to help California counterparts to find ways to thrive in Japanese or other Asian markets, taking advantage of their investment into Japan.

Reflecting this kind of two-way or even triangular flow, there could be various paths for both sides to thrive in mutually beneficial manner. I would like to raise some ideas below.

Among Californian agricultural products, wine is considered one of the most important. Japan has the potential to grow both in whole market size and Californian share, which is worth exploring. One of the most important issues is how can we let Japanese consumers know and understand much more about the nature and virtue of Californian wine, and how can we pursue the appropriate market segments there. In order to accomplish these tasks, it is indispensable for somebody of the Californian wine industry to establish activity base in Japan, and this is where JETRO can help. On the other hand, California and other U.S. markets are worth exploring for Japanese Sake brewers that could enrich and energize the consumer drink markets. They would learn from experiences of Californian wine industry, and in return, they could suggest something important about Japanese wine market.

In California, berries and other fruit produce are also significant and have dominant positions in the global market place. Today, the industries headquartered in California have strong distribution networks in the world as they are very flexible and functional in importing from farms and exporting to markets depending on the season. As a matter of fact, some of Japanese fruits are differentiated and competitive in the global market place, which Californian produce industries could take advantage of and embed in their distribution networks.

Though Californian Cheese industry might not be so famous in the world, it has a very good portfolio of products thanks to rich, ethnic origins of people in California. Japanese dairy industry has excess supply capacity, for example, in Hokkaido, the northern island of Japan. Some of ideas are to transplant Californian prominent cheese producing facility to Japan, to take advantage of the excessive Japanese milk, and to export Californian Cheese made in Japan.

The last idea is on the gluten-free food market in the U.S. One of the most promising gluten-free alternatives is rice originated products, with which Japanese food industries have long and outstanding histories and experiences. When I visited one of groceries that have Gluten-free shelves and saw rice originated products there, I felt that there would be still enormous room for expansion of this product category, on which U.S. and Japanese related companies could collaborate and explore the new frontiers.

I would appreciate your feedback to what I have explained above and look forward to incubating ideas to real projects together in the near future.

Thank you very much for your attention. I look forward to communicating with you soon again.

Best regards,



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