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MARKET ACCESS SECRETARIAT
Global Analysis Report

Sector Trend Analysis

Vegetable Oils

in Japan

May 2017

EXECUTIVE SUMMARY

Japan was the eleventh largest vegetable oil products market worldwide in 2016, with US$1.51 billion worth of retail value sales (Euromonitor International, 2017). Between 2012 and 2016, world vegetable oil products market grew at a compound annual growth rate (CAGR) of 8.16%, versus 5.61% for Japan (Euromonitor International, 2017). Subsectors of the Japanese oil market experienced varying levels of growth between 2012 and 2016, with a significant increase in retail sales for olive oil and other oil products, and falling sales for rapeseed and soy oil.

Of the five largest vegetable oil product companies in the world, only Deoleo SA had a significant amount of sales in Japan, with US$29.7 million in sales (Euromonitor International, 2017). The leading vegetable oil products company in Japan is Nisshin Oillio Group Ltd., which controlled 47.2% of the market in 2016. Japanese vegetable oil product manufacturers are heavily dependent on raw material imports from the world: over US$1.2 billion of vegetable oil ingredients including canola seed were imported into Japan in 2015.

The Japanese economy has experienced ups and downs in recent years after rapidly recovering from the international 2008 financial crisis and the 2011 earthquake and tsunami. Through 2020, the Japanese economy is expected to grow at an average rate of 0.9% per year. Factors such as a strong Yen, a declining population and slowing GDP growth in China will constrain economic growth in Japan (Euromonitor International, 2016). The upshot of an aging workforce, however, is that unemployment is low among the working-age population, at 3.1% in 2016.

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POSITIONING VEGETABLE OIL PRODUCTS IN THE WORLD

Top 5 Vegetable Oil Companies Worldwide in 2016, US$

Company	International Sales	Sales in Japan
1. Wilmar International Ltd	$6.82 billion	-
2. Bunge Ltd	$2.37 billion	-
3. Cargill Inc	$1.71 billion	-
4. China National Cereals, Oils & Foodstuffs Imp & Exp Corp (COFCO)	$1.67 billion	-
5. Deoleo SA	$1.64 billion	$29.7 million
6. Other	$27.40 billion	$268.1 million
7. Private Label	$7.25 billion	$46.4 million

Source: *Euromonitor International, 2017* **Fixed 2016 Exchange Rate*

Top 10 Vegetable Oil Products Retail Markets Worldwide in 2016, US$

Country	Retail Sales
1. India	$15.69 billion
2. China	$15.05 billion
3. Brazil	$3.95 billion
4. USA	$3.47 billion
5. Turkey	$2.79 billion
6. Russia	$2.17 billion
7. Iran	$2.14 billion
8. Italy	$2.11 billion
9. Spain	$1.99 billion
10. Pakistan	$1.55 billion
11. Japan	$1.51 billion

The Vegetable Oil Products Market in Japan in 2015, US$

Indicator	Value
Retail sales, 2015	$1.45 billion
Domestic manufacturer shipments *(value of goods consumed domestically)*	$312.47 million
Imports of vegetable oil products from the world, in 2015*	$1.199 billion
Exports of vegetable oil products to the world, in 2015*	$61.47 million
Dependence on imports	82.47%

Source: *Euromonitor International, 2017; Global Trade Tracker, 2017*

Canada's performance

In 2015, Canada exported over US$2.3 billion worth of vegetable oil products to the world, with 68.7% going to the United States. However, Japan accounted for US$17.8 million of Canada's vegetable oil products in 2015. More specifically, 52% of Canada's main vegetable oil exports to Japan were colza or canola oil at a value of US$9.3 million. Canada is however a larger exporter of canola seeds to Japan.

Vegetable Oil Products* Export Gap, 2015 (US$ Millions)

	2011	2012	2013	2014	2015	2011-15 CAGR* %
Japan Imports of Vegetable Oil Products* from the World	1437.3	1303.9	1199.5	1215.6	1199.5	-4.42
Japan Imports of Vegetable Oil Products* from Canada	58.7	55.8	55.5	61.8	61.5	1.17
Gross Export Gap	1378.6	1248.1	1144.0	1153.8	1138.0	-4.68

Source: *Global Trade Tracker, 2017* *****CAGR****: Compound Annual Growth rate.*
***Note: For the purpose of this report, "vegetable oil products" was defined using the following HS codes: 1507-1515, inclusively.*

Top 10 Importers of Vegetable Oil Products* Worldwide 2015, US$

Country	Imports US$ billions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
India	10.45	Indonesia 35.4%	Malaysia 22.9%	Argentina 18.9%	0.07%
China	7.06	Indonesia 39.1%	Malaysia 23.7%	Ukraine 9.0%	6.16%
United States	5.43	Canada 28.6%	Indonesia 12.8%	Malaysia 12.7%	28.6%
Italy	3.99	Spain 28.6%	Indonesia 21.4%	Greece 13.8%	0.00%
Netherlands	3.68	Malaysia 21.2%	Indonesia 19.4%	United Kingdom 2.1%	0.02%
Germany	2.90	Netherlands 25.5%	Indonesia 15.6%	Italy 10.4%	0.15%
Spain	2.15	Indonesia 27.5%	Tunisia 14.6%	Portugal 9.7%	0.00%
Turkey	1.67	Russia 47.8%	Malaysia 23.1%	Ukraine 13.2%	0.00%
Malaysia	1.56	Indonesia 71.6%	Argentina 5.7%	Thailand 3.1%	1.64%
France	1.55	Spain 24.5%	Netherlands 18.6%	Italy 11.4%	0.01%

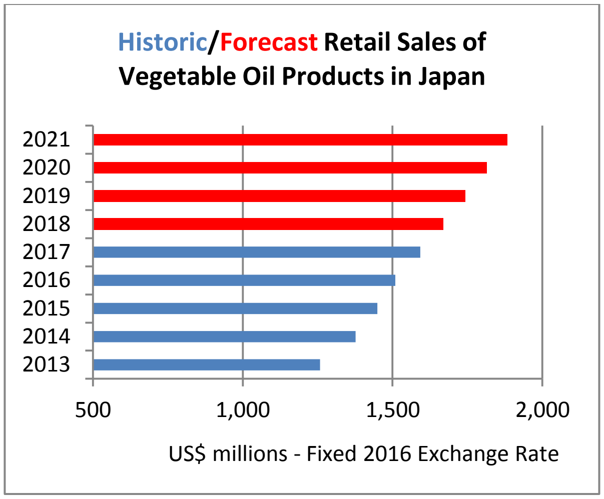
Source: *Global Trade Tracker, 2017 **Note: For the purpose of this report, "vegetable oil products" was defined using the following HS codes: 1507-1515, inclusively*

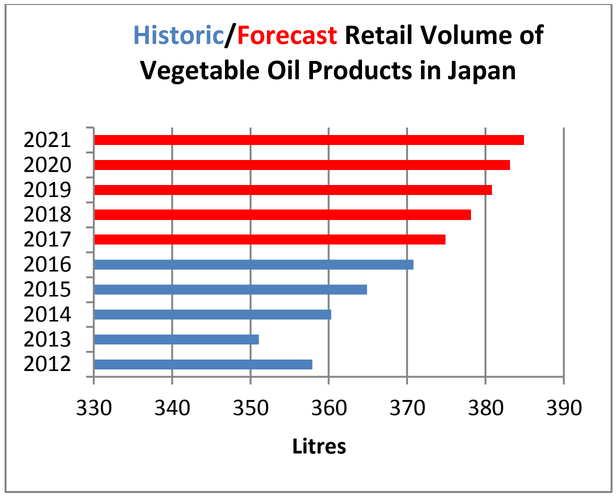
RETAIL ENVIROMENT

Retail value sales of vegetable oil products have been steadily increasing since 2012, with a compound annual growth rate (CAGR) of 5.6% over the last five years. Through 2021, the market is expected to continue growing at 4.3% CAGR (Euromonitor International, 2017).

A significant portion (41.3%) of edible oils sold in Japan in 2016 were classified as "other" by Euromonitor, a classification that includes coconut, grapeseed, groundnut, sesame and blended oils (Euromonitor International, 2017). While no breakdown of this subsector was available, it represented the fastest-growing subsector of the vegetable oil products market, with 14.4% CAGR from 2012 to 2016. Through 2021, this subsector is expected to increase at a faster rate than vegetable oils in general, with 6.2% CAGR. The largest subsector in 2012 was rapeseed oil, which shrank by -4.4% CAGR through 2016. Further loss of market share is expected through 2021, with CAGR of -0.3% (Euromonitor International, 2017).

Store-based retailing accounted for 90.7% of vegetable oil product sales in 2016, down from 91.7% in 2012. Homeshopping and internet sales both increased over this period, from 6.6% and 1.8% in 2012 to 7.1% and 2.2% in 2016, respectively. Among store-based retailers, grocery retailers and sepecifically supermarkets dominated sales: 72.4% of total sales were from grocery retailers and 60% were from supermakets in 2016. Mixed retailers accounted for 16.1% of total sales in that same year (Euromonitor International, 2017).





Historic retail value sales of vegetable oil products in Japan, in US$ millions and period growth (%), current prices – fixed 2016 exchange rates

Categories	2012	2013	2014	2015	2016	2012-16 CAGR* (%)
Edible oils	1,213.3	1,258.4	1,376.7	1,449.6	1,509.3	5.6
Olive oil	264.3	301.1	328.1	351.5	373.2	9.0
Corn oil	63.1	62.7	61.2	60.3	59.6	-1.4
Palm oil	27.3	29.5	30.2	30.7	31.3	3.5
Rapeseed oil	405.5	377.2	365.9	354.2	339.1	-4.4
Soy oil	66.4	63.0	60.4	56.4	53.9	-5.1
Sunflower oil	23.2	23.2	23.3	26.2	28.5	5.3
Other edible oil	363.6	401.7	507.6	570.2	623.7	14.4

Forecast retail value sales of vegetable oil products in Japan, in US$ millions and period growth (%), current prices – fixed 2016 exchange rates

Categories	2017	2018	2019	2020	2021	2017-21 CAGR* (%)
Edible oils	*1,592.9*	*1,668.9*	*1,743.0*	*1,814.8*	*1,883.0*	4.3
Olive oil	*401.8*	*428.5*	*454.3*	*479.3*	*503.2*	5.8
Corn oil	*60.1*	*60.5*	*61.0*	*61.6*	*62.3*	0.9
Palm oil	*32.3*	*33.2*	*34.0*	*34.8*	*35.5*	2.3
Rapeseed oil	*336.4*	*334.1*	*332.7*	*332.4*	*333.0*	-0.3
Soy oil	*52.5*	*51.4*	*50.6*	*49.9*	*49.5*	-1.5
Sunflower oil	*30.7*	*32.6*	*34.3*	*35.6*	*36.7*	4.6
Other edible oil	*679.0*	*728.5*	*776.1*	*821.1*	*862.9*	6.2

Source for all: *Euromonitor International, 2017* **CAGR: Compound Annual Growth rate.*

Historic retail volume in litres (millions) of vegetable oil products in subsectors in Japan

Subsectors	2012	2013	2014	2015	2016	2012-16 CAGR* (%)
Edible oils	357.9	351.1	360.3	364.9	370.8	0.9
Olive oil	19.4	21.4	23.0	22.1	23.5	4.9
Corn oil	14.4	14.1	13.7	13.4	13.1	-2.3
Palm oil	17.7	18.8	19.0	19.3	19.6	2.6
Rapeseed oil	186.1	173.2	165.5	163.3	161.5	-3.5
Soy oil	34.3	32.3	30.9	29.8	29.1	-4.0
Sunflower oil	3.0	3.0	3.0	3.3	3.5	3.9
Other edible oil	83.1	88.3	105.3	113.7	120.5	9.7

Forecast retail volume in litres (millions) of vegetable oil products in subsectors in Japan

Subsectors	2017	2018	2019	2020	2021	2017-21 CAGR* (%)
Edible oils	*374.9*	*378.1*	*380.8*	*383.1*	*384.9*	0.7
Olive oil	*24.7*	*25.8*	*26.8*	*27.8*	*28.6*	3.7
Corn oil	*12.9*	*12.7*	*12.6*	*12.5*	*12.4*	-1.0
Palm oil	*19.8*	*20.0*	*20.2*	*20.4*	*20.5*	0.9
Rapeseed oil	*160.1*	*158.8*	*157.7*	*156.7*	*155.9*	-0.7
Soy oil	*28.4*	*27.8*	*27.3*	*26.9*	*26.5*	-1.7
Sunflower oil	*3.6*	*3.7*	*3.8*	*3.9*	*3.9*	2.0
Other edible oil	*125.4*	*129.1*	*132.3*	*135.0*	*137.0*	2.2

Top 5 vegetable oil product company shares in Japan – retail value sales % breakdown*

Companies	2012	2013	2014	2015	2016
Nisshin Oillio Group Ltd..	51.3	50.8	51.5	48.8	47.2
Ajinomoto Co. Inc.	22.8	22.9	22.5	20.4	19.3
Kadoya Sesame Mills Inc.	5.5	5.4	5.3	5.0	4.7
Showa Sangyo Co. Ltd.	5.0	4.9	4.6	4.1	4.0
SALOV - Società per Azioni Lucchese Olii e Vini SpA	1.8	2.0	2.2	2.0	2.0

Top 5 olive oil product company shares in Japan – retail value sales % breakdown*

Companies	2012	2013	2014	2015	2016
Nisshin Oillio Group Ltd.	42.4	41.6	43.8	42.6	42.5
Ajinomoto Co Inc.	17.8	16.7	16.7	15.2	15.3
SALOV - Società per Azioni Lucchese Olii e Vini SpA	9.8	9.2	9.2	8.4	8.4
Deoleo SA	9.7	9.4	9.2	8.5	8.3
Mataluni SpA (Gruppo Mataluni)	2.1	2.8	3.3	3.0	3.0

Source for all: *Euromonitor International, 2017*

***CAGR**: *Compound Annual Growth rate.*

Of the five largest vegetable oil product companies in Japan in 2016, four were domestic players. Together, Nisshin Oillio Group Ltd. and Ajinomoto Co. Inc. controlled 66.5% of the market. Private label vegetable oil products made up only 3.2% of the market in 2016. Worldwide, private label companies sold 9.5% of vegetable oil products in that same year.

Contrary to other vegetable oil subsectors, company shares for retail sales of olive oil products were available from Euromonitor. The top two vegetable oil companies are also the top two olive oil companies, but the next three largest companies are international players. SALOV SpA and Mataluni SpA are Italian, while Deoleo SA is a Spanish company. Private label companies made up only 2.9% of the Japanese olive oil market in 2016, compared to 21.8% worldwide.

HEALTH AND WELLNESS PRODUCTS

Over the last five years, about 30% of vegetable oil products sold in Japan have been health and wellness products. Olive oil products represented 76.1% of the health and wellness category in Japan in 2016, and 92% of olive oil products sold in Japan in that same year were health and wellness products.

The majority of health and wellness olive oil products sold since 2012 were naturally healthy, and this category experienced the most growth. Organic olive oils grew at a relatively slower rate. Other health and wellness vegetable oil products shrank between 2012 and 2016, mostly due to the reduction of the market share for fortified and functional health and wellness products. Organic vegetable and seed oil grew over this period, and is forecasted to continue growing through 2021 (Euromonitor International, 2017).

Historic retail value sales of health and wellness vegetable oil products in Japan by category, in US$ millions and period growth (%), current prices – fixed 2016 exchange rates

Categories	2012	2013	2014	2015	2016	2012-16 CAGR* (%)
HW edible oils	352.8	392.8	414.5	433.9	451.5	6.36
FF edible oil	103.9	110.1	106.9	104.6	102.0	-0.46
NH edible oils	233.0	266.4	291.1	312.3	332.0	9.26
Organic edible oil	15.8	16.2	16.5	17.1	17.6	2.73

Forecast retail value sales of health and wellness vegetable oil products in Japan by category, in US$ millions and period growth (%), current prices – fixed 2016 exchange rates

Categories	2017	2018	2019	2020	2021	2017-21 CAGR* (%)
HW edible oils	477.5	501.5	524.9	548.0	570.2	4.54
FF edible oil	101.3	100.6	100.1	99.8	99.9	-0.35
NH edible oils	357.9	382.0	405.4	428.1	449.7	5.87
Organic edible oil	18.3	18.9	19.5	20.0	20.5	2.88

***Source for both:** Euromonitor International, 2017* **CAGR: Compound Annual Growth rate.*

Historic retail value sales of health and wellness vegetable oil products in Japan by subsector, in US$ millions and period growth (%), current prices – fixed 2016 exchange rates

Categories	2012	2013	2014	2015	2016	2012-16 CAGR* (%)
HW olive oil	243.2	277.0	301.9	323.4	343.4	9.01
NH olive oil	233.0	266.4	291.1	312.3	332.0	9.26
Organic olive oil	10.1	10.6	10.8	11.1	11.4	3.07
HW vegetable and seed oil	109.6	115.8	112.6	110.5	108.1	-0.34
FF vegetable and seed oil	103.9	110.1	106.9	104.6	102.0	-0.46
Organic vegetable and seed oil	5.6	5.6	5.7	5.9	6.1	2.16

Forecast retail value sales of health and wellness vegetable oil products in Japan by subsector, in US$ millions and period growth (%), current prices – fixed 2016 exchange rates

Categories	2017	2018	2019	2020	2021	2017-21 CAGR* (%)
HW olive oil	369.7	394.3	418.0	441.1	463.0	5.79
NH olive oil	357.9	382.0	405.4	428.1	449.7	5.87
Organic olive oil	11.9	12.3	12.6	13.0	13.3	2.82
HW vegetable and seed oil	107.7	107.2	106.9	106.9	107.2	-0.12
FF vegetable and seed oil	101.3	100.6	100.1	99.8	99.9	-0.35
Organic vegetable and seed oil	6.4	6.6	6.9	7.1	7.3	3.34

Source for both: *Euromonitor International, 2017* ****CAGR**: Compound Annual Growth rate.*

NEW PRODUCT LAUNCH ANALYSIS

This section combines all three subsectors and analyses the vegetable oil products category as a whole, based on new product launches from January 2012 to December 2016.

According to Mintel's Global New Products Database, there were 99 new vegetable oil products launched in Japan from January 2012 to December 2016, with an average of 19.8 product launches a year. Of these products, 12 were new products and the rest, representing 87.9% of the total, were a combination of new variation (packaging, formulation, and variety/range extensions) of existing products. In addition, 76 of the total were branded while 23 were private-label products.

Unflavoured oils predominated amongst new products (Mintel, 2017). After olive oil, the second-most popular oil type for new products was rapeseed oil. Combined with the fact that Japanese consumers value low-cholesterol, affordable cooking oils, this presents opportunities for Canadian canola producers to recapture market share.

New product launches of vegetable oil products in Japan, January 2012 to December 2016, by product attributes

Product attributes*		Yearly launch vounts			
	2012	2013	2014	2015	2016
Yearly product launches	11	6	29	29	24
Top five claims					
Low/no/reduced cholesterol	3	2	9	7	5
Economy	2	0	5	5	5
Convenient packaging	0	0	4	5	4
Premium	2	1	2	1	5
Limited edition	2	1	1	3	0
Imported status					
Imported	0	0	2	7	4
Not imported	0	0	0	4	2
Other	11	6	27	18	18
Top packaged types					
Bottle	10	3	29	27	24
Flexible stick-pack	0	3	0	0	0
Jar	1	0	0	1	0
Flexible sachet	0	0	0	1	0
Launch types					
New variety/range extension	2	2	13	12	11
New packaging	5	3	5	11	5
Relaunch	0	1	7	4	6
New product	4	0	4	2	2
Top five flavours (incl. blend)					
Unflavoured/plain	7	3	24	23	21
Garlic	0	1	1	1	1
Sesame	0	0	0	2	1
Chili/chilli pepper (Red)	3	0	1	2	0
Basil	0	0	2	0	0
Top five ingredients**					
Olive oil	1	2	17	12	8
Rapeseed oil	6	2	9	6	3
Sesame Seed oil	3	1	3	6	3
Corn oil	0	1	5	3	3
Vitamin E	3	1	4	3	1
Top five companies					
Nisshin Oilli	2	4	11	8	7
J-Oil Mills	0	1	9	5	7
Aeon	2	0	5	5	5
Nippon Flour Mills	0	0	1	2	4
DHC	1	1	1	2	0
Manufacturer type					
Branded	7	5	21	24	19
Private label	4	1	8	5	5

Source : Mintel, 2017.
*__Note:__ ranking are based on 2012-16 data
****Note**: that the totals for ingredient counts will add to more than the total launches as products can use multiple ingredients.
*****Note**: all oil products released in the last five years were shelf-stable.

NEW VEGETABLE OIL PRODUCT EXAMPLES

GOLDEN FLAXSEED OIL

Nippn Golden Flaxseed Oil is now available. This product is formulated with alpha-linolenic acid to lower cholesterol levels and retails in a resealable 165g mini pack with 30 x 5.5g units. Launched on December 1, 2016 with an RRP of 1,944 yen.

Company: Nippon Flour Mills

Brand: Nippn

Category: Sauces and seasonings

Date Published: January 2017

Price: US$ 16.62

Pack Size: 30x5.5g

Claims: Cardiovascular (Functional), Convenient Packaging

PURE OLIVE OIL

Kikkoman Del Monte Pure Olive Oil is now available. This product for daily cooking is made with 100% Spanish olive oil and retails in a special airtight bottle of 326g that is said keep the product fresh for up to 90 days after opening. Launched on August 8, 2016 open-priced.

Company: Kikkoman

Brand: Kikkoman Del Monte

Category: Sauces and seasonings

Date Published: December 2016

Price: US$ 5.98

Pack Size: 326g

VITAMIN K2 & VITAMIN D OIL (RAPESEED OIL)

Ajinomoto Mainichi Eiyo Oil Vitamin K2 & Vitamin D Oil is cholesterol-free and contains vitamins D and K to help build strong and dense bones. The product retails in a 250g bottle. Launched on April 5th 2016. RRP not available.

Company: J-Oil Mills

Brand: Ajinomoto Mainichi Eiyo Oil

Category: Ajinomoto Mainichi Eiyo Oil

Date Published: July 2016

Price: US$ 11.48

Pack Size: 250g

Claims: Low/No/Reduced Cholesterol, Bone Health.

Source for all: *Mintel, GNPD, 2017*

CONCLUSION

The Japanese vegetable oil products market is expected to continue to grow over the next five years, primarily in the olive oil and other edible oils subsectors. Canola is expected to continue to lose marketshare, but at a slower rate than over the last five years. Canola remains a major ingredient in Japanese oils, and by emphasizing healthy properties such as low-cholesterol and vitamin fortification, Canadian producers will be able to continue to sell value-added products in Japan. Canadian exporters will likely continue to export canola seed for crushing to Japan for their canola oil product industry.

For the most part, health and wellness vegetable oils in Japan consist of naturally healthy olive oil. However, organic oils from other vegetables are continuing to experience strong growth. This market segment is presently small with regards to the overall health and wellness vegetable oil market, but it is projected to grow faster than organic olive oil through 2021.

The Japanese oil market is import-dependent for raw materials. With the exception of olive oil, domestic brands dominate the Japanese vegetable oil market, but Japan imports significantly more oil products than it exports. Canadian oil and oilseed producers will thus continue to enjoy opportunities to sell their products and raw materials in Japan under Japanese labels.

FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in Japan**
  www.tradecommissioner.gc.ca/jp

- **Find a Trade Commissioner**
  www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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For additional Information on FOODEX 2017, please contact:

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RESOURCES

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Global Analysis Report

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