

# HOW TO EXPORT TO JAPAN

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## Market Opportunities and Strategies for American Exporters

Based on the U.S. Commercial Service's 2022 Japan Country Commercial Guide

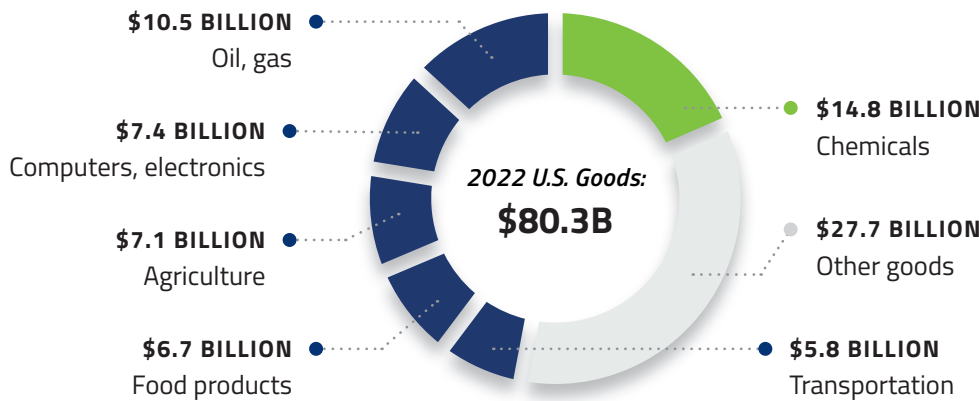


**EXIM**  
EXPORT-IMPORT BANK  
OF THE UNITED STATES

# WHY EXPORT TO JAPAN?

Japan is one of the most important trade and investment partners for the United States. Japan is the third largest economy in the world after the United States and China. It is the fourth largest importer of U.S. products after Canada, Mexico, and China. In 2021, U.S. goods exports to Japan were about \$75 billion. In 2022, that figure rose about \$5 billion to reach \$80.3 billion.

A strong, enduring U.S.-Japan strategic alliance and deep economic integration with the United States presents opportunities for exporters.



## Current Trade Climate

Japan’s consumer economy is large, broad-based, and sophisticated. Per capita income of about \$43,000 underpins its strength as a consumer market. In addition to its size and wealth, Japanese business partners expose American companies to new technology, rigorous competition, and—in some cases—the opportunity to partner with Japanese firms in third markets.

In January 2020, two new trade agreements entered into force. The *U.S.-Japan Trade Agreement* eliminates or reduces tariffs on U.S. agricultural exports, and the *U.S.-Japan Digital Trade Agreement* eliminates data transfer restrictions, enhances consumer privacy, supports encryption technologies, boosts digital trade, and strengthens responses to cybersecurity challenges.



## Quick Facts About Japan

**COUNTRY SIZE:**  
145,936 square miles

**POPULATION:**  
125.7 million people

**LANGUAGE(S):**  
Japanese

**CAPITAL CITY:**  
Tokyo

**LARGEST CITY:**  
Tokyo

**NOMINAL GDP:**  
\$4.94 trillion  
3rd highest worldwide

**TOTAL IMPORTS:**  
Goods: \$746.9 billion  
Services: \$205.2 billion  
USA goods: \$80.3 billion

**CURRENCY:**  
Japanese Yen (JPY)

All quick fact statistics are 2022 approximations. Monetary figures throughout this guide reflect USD.

# INDUSTRY OPPORTUNITIES

Japan's rapidly aging and declining population continues to send ripple effects through its society and economy, shaping present and future demand in economic spheres as disparate as robotics and pharmaceuticals, franchising, and real estate.



## Agriculture

Japan is the largest market in Asia for U.S. consumer-ready products. Be aware of several key trends affecting food purchases: a heavy dependence on imported food items; a diversification of eating habits; increased demand for convenient/ready-to-eat meal options; a rapidly aging population; high expectations for product quality; and widespread preoccupation with food safety.



## Industrial Machine Tools

U.S. firms should carefully consider opportunities concerning machine processes and technology upgrades, robotics, and laser technologies. In addition to Japanese companies initially purchasing large numbers of machines and related equipment, the Japanese companies will also likely purchase accessory equipment and upgrades to certain equipment or the equipment's components.



## Aircraft Parts

Japan continues to offer a lucrative long-term market for imported aircraft, aircraft parts, engines, and other related technologies. Aircraft engines are a leading sub-sector; Japan participates in international joint development projects for several particular engines. Japan also develops and manufactures fuselages, engines, and all other helicopter components.



## Semiconductors

The Government of Japan continues to express concerns that Japanese companies, particularly the automotive industry, could be hobbled by a shortage of semiconductors. U.S. companies that export semiconductors or semiconductor equipment to Japan can benefit from the \$4.5 billion of Government of Japan funding that was approved by the Minister of Economy, Trade and Industry.

# INDUSTRY OPPORTUNITIES (cont'd)



## Financial Technologies

Both Japan's central government and the Tokyo Metropolitan Government are keen to revitalize Tokyo's position in the international financial market. Osaka officials also established the Osaka Global Finance One-Stop Support Center in December 2021 to help foreign financial services firms and investors to establish their businesses in Osaka. Domestic FinTech companies may wish to explore opportunities in Osaka for purposes of entering or expanding their presence in Japan.



## Medical Devices

Opportunities in Japan exist for innovative medical technologies and therapies that alleviate pain, complement lost functions, and improve quality of life. Specific medical devices that are likely to see increased sales potential are minimally invasive medical devices as well as medical technologies and diagnostics utilizing Internet of Things (IoT) and Artificial Intelligence (AI) technologies. Other devices that will likely enjoy increased market opportunities are those associated with telemedicine, in-home care, self-care, and preventive care.



## Pharmaceuticals

Japan is the third largest pharmaceutical market in the world and a critical export market for U.S. pharmaceuticals. Japan is highly dependent on overseas manufacturing bases for biopharmaceutical antibodies as approximately 90% of these products are manufactured overseas and imported into Japan. Japan also offers discrete opportunities for U.S. pharmaceutical companies in the country's digital transformation efforts for drug discovery and development, particularly those using AI, those developing digital biomarkers, and those utilizing real-world data.

# SALES STRATEGIES

Cultural values and ways of doing business in Japan differ from the United States. Companies should adjust accordingly, including:

## 01

### Making Connections

Customers tend to be loyal to well-maintained relationships. Building long-term business relationships is important to your success in Japan. If you work with a local distributor, you may not need to come to Japan. However, you can show your strong commitment to the Japanese market and network with the right people by traveling to Japan and participating in a trade show.

## 02

### Digital Advertising

Digital advertising may be more important than traditional media advertising in Japan. In February 2022, Dentsu, a leading Japanese advertisement agency, reported that the size of Japan's digital advertisement market for the first time exceeded the size of its traditional media market, including TV, newspaper, magazines, and radio. Companies should develop strategies based upon their targets.

## 03

### Pricing & Quality

High-end products are more popular in Japan than mid-range products. Japanese consumers are extremely discerning and detail-conscious, both in the consumer and business sectors. Products must be presented well; packaging, fit, and finish are key. However, if the retail price in Japan is much higher than its retail price in the U.S., there is a chance that end-users may purchase it from a U.S. market.

## 04

### Distribution Models

Due to limited space and dense urban populations, small retail stores have been and remain predominant points of consumer sales. Wholesalers are thus required to deliver small amounts of a product more frequently. The costs of this less efficient distribution system are passed on to the consumer in the final price of the product.



## Networking

### *Associations to Consider*

1. American Chamber of Commerce in Japan
2. The Japan Business Federation
3. The Japan-U.S. Business Council
4. The Japan Chamber of Commerce and Industry
5. The Tokyo Chamber of Commerce and Industry
6. Japan Small and Medium Enterprise Management Consultant Association

### *Local Professional Services*

The Japan External Trade Organization (JETRO) promotes mutual trade and investment between Japan and the rest of the world. It maintains a directory of professional services companies in Japan.

# IMPORTANT MARKET DIFFERENCES

While tariffs are generally low, Japan does have some non-tariff barriers that may impact commercial activity by possibly impeding or delaying the importation of foreign products into Japan.

Although competition, pressure from U.S. and other foreign governments, and other factors have lessened the impact of these impediments, U.S. companies may still encounter non-tariff barriers in the following areas:

## Intellectual Property

U.S. trademarks and patents registrations will not protect those rights holders in Japan. Patents and trademarks are registered in Japan on a first-to-file basis. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors.

Consider carefully whether to permit a partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list himself as the IP owner and fail to transfer the rights should the partnership end. Work with legal counsel familiar with Japan laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions that are locally recognized.

## Regulations

Any person wishing to import goods must declare them to the Director-General of Customs, obtain an import permit (after examination by the authorities), and pay Customs duty and excise tax, if any.

The Japan Customs website<sup>1</sup>, especially the Customs Answer FAQ<sup>2</sup>, is a good source of information.

<sup>1</sup>[www.customs.go.jp/english/index.htm](http://www.customs.go.jp/english/index.htm)

<sup>2</sup>[www.customs.go.jp/english/c-answer\\_e/customsanswer\\_e.htm](http://www.customs.go.jp/english/c-answer_e/customsanswer_e.htm)

## Restricted Imports

Japan strictly prohibits entry of a variety of products and imposes restrictions on the sale or use of certain other products, including those related to health such as medical products, pharmaceuticals, agricultural products and chemicals.

For these products, Japanese customs reviews and evaluates the product for import suitability before shipment to Japan. Licenses from relevant regulatory bodies may also be required for the importation and sale of those products. The use of certain chemicals and other additives in foods and cosmetics is severely regulated and follows a "positive list" approach.





# LEARN MORE

The information presented in this brochure is sourced from the U.S. Commercial Service's Country Commercial Guides (CCGs), which includes in-depth reports on market conditions, opportunities, regulations and business customs for more than 140 countries. Prepared by U.S. Embassy staff worldwide and updated annually, the CCGs are the premier trusted source of market intelligence.



## Get Trade Assistance

Ready to get started? Contact an international trade specialist at the U.S. Commercial Service. They can provide general export assistance or help determine if Japan is the right market for you.



## Learn the Basics of Exporting

Whether you're new to exporting or just want to see new ideas and techniques, the Basic Guide eBook will give you all the information you need about creating a plan, financing, handling orders, shipping, legal concerns, and more.



## Download the Guide

As an exporter, you face challenges most businesses never consider. Download the Trade Finance Guide to learn about accessing capital, types of sales terms, and more.



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