

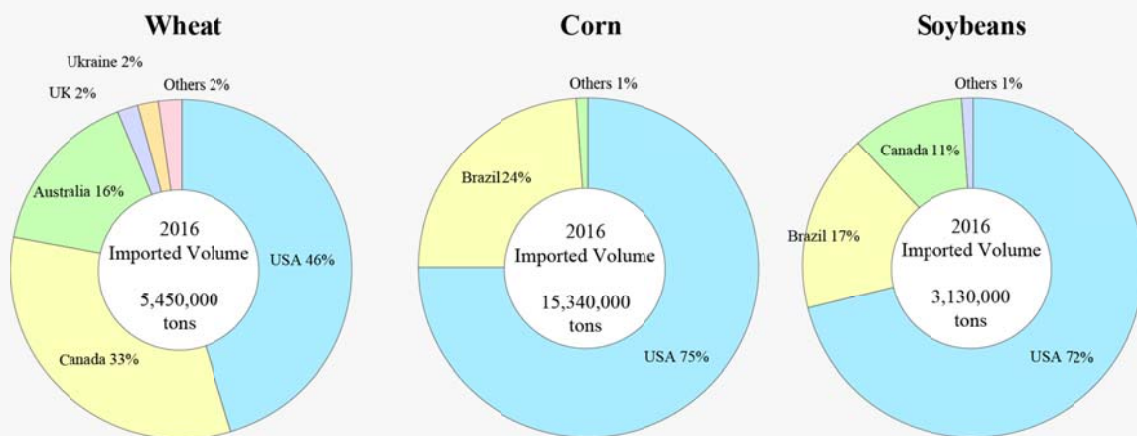
## Grains

November 11, 2017

### ~ Japan: Heavily dependent on grain imports ~

Looking at the grain self-sufficiency rates of major countries, France is the highest in Europe at 194%, and Italy, at the low end, is at 87%. The USA is at 134%, while Japan is at 27%. These figures are overall self-sufficiency rates for grains for human consumption and for animal feed.

Japan's import sources of grains and oil seeds are mainly from the USA, Canada, Brazil, and Australia.



Sources: Prepared from Finance Minister "Trade Statistics (2016)".

Japan's annual per-capita consumption of wheat is 33kg. Japanese people consume around 55kg of rice, their staple food, per year, so 33kg of wheat flour is equivalent to 60% of the amount of rice. Wheat flour in the forms of bread, *udon* noodles, and spaghetti are important foods, ranking alongside rice. Around 46% of Japan's wheat import volume comes from the USA. Canada is second, at around 33%, and Australia is third, at around 16%. Japan is in the top five biggest wheat-importing countries in the world.

In that context, let's take a look at the market for bread made from that wheat. The domestic bread market is expanding gradually year after year. The Yano Research Institute predicts that it will reach JPY1.55 trillion in size in 2017. The recent trend in bread is for wellness bread, which uses better ingredients or healthfulness as a new approach for added value.

## Wellness bread (manufacturer shipment base)

Outlook for 2016	Year on year	Forecast for 2017	Year on year
JPY95.7 billion	116.8%	JPY116 billion	121.2%

Note: These figures refer to commercially distributed bread marketed for health and sold at room temperature, making selling points of being additive-free or using no additives, and belonging to the categories of non-white foods or foods with health-preserving functions. Freshly-baked bread sold in bakery shops, and frozen bread, are not included.

In 2016, Fuji Baking greatly increased their sales by stating that they use no yeast food or emulsifiers in their “Honjikomi” bread. The main non-white breads are made with rye, bran, or whole flour. With advantages such as high mineral and dietary fiber content and less carbohydrate, they are selling increasingly well. In 2013, Lawson launched “Bran Pan”, with the selling point of reduced-carbohydrate, and its demand has expanded rapidly. In 2016, Yamazaki Baking and Pasco started supply bread for Family Mart’s private brand products. In the field of “food with nutrient function claims”, Ito Baking are expanding “Zuno Pan” (Brain Bread) products with added Vitamin B1. In 2016, Yamazaki Baking launched “Juni-koku” (12-grain) bread with added folic acid and dietary fiber, and Milk Twist Bread with added folic acid and calcium.



“Honjikomi” bread



Juni-koku (12-grain) bread



“Zuno Pan” (Brain Bread)



Milk Twist Bread

Photos: From website.

Trends are polarizing, with one trend moving towards simple ingredients with nothing extra added, and the other towards tastier and healthier breads that add ingredients like wheat bran, indigestible dextrin to reduce carbohydrate. Demand for reductions in additives and carbohydrate will continue for the time being.

- End -