



FOOD MILES/SUSTAINABILITY MARKET INTELLIGENCE

October 2008 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage (F&B) export markets has led the Ministry of Foreign Affairs and Trade, and New Zealand Trade and Enterprise, to prepare a quarterly report for business people highlighting trends and issues in key markets.

JAPAN

IN SUM:

- Carbon labelling has become a serious topic of discussion since the April quarterly report. Four Japanese government agencies have studies underway into carbon footprinting and carbon labelling. It is possible that labelling systems may be introduced in 2009.
- The Ministry of Land, Infrastructure, Transport and Tourism is to introduce a voluntary eco labelling scheme for businesses that use shipping for 30 percent or more of their cargo transportation.
- The Agricultural Ministry is to introduce a labelling scheme to promote producers' measures to improve wildlife biodiversity; and a loyalty points system for the purchase of domestically produced food.
- A study is underway looking at a possible extension of country of origin labelling to cover processed products that use many ingredients from many different countries.

GOVERNMENT ACTIVITY

Carbon labelling

Carbon labelling has become a serious topic of discussion in Japan since the April 2008 quarterly report. One of the reasons for this was the prominence of climate change policy in the lead up to the G8 Summit, hosted by Japan in July.

Prime Minister Fukuda has made a number of speeches on the topic, including one in early June titled "Japan as a low carbon society", in which he outlined a number of policy initiatives to combat global warming. In this speech, he stated that "we must visualise CO₂ emissions so as to provide the necessary information for consumers to take suitable decisions". Noting trials of carbon footprint and food miles information systems in the UK and other international developments, he said that he would instruct relevant ministers in Japan to make preparations for the experimental introduction of similar systems in Japan for the financial year starting April 2009. He stated that once fully launched, "this undertaking should be among the most extensive in the world".

In response to this, the Japanese Ministries of Environment (MoE); Economy, Trade and Industry (METI); and Agriculture, Forestry and Fisheries (MAFF); and the Japan Forestry Agency have all commenced separate (but overlapping) studies into the efficacy of "visualising" CO₂ emissions, ie carbon labelling. They are working to similar

timeframes, with reports back (including guidelines for introduction) due at the end of 2008 or early 2009.

The MoE study covers all products and services. It will look at methods of calculating emissions, including examining the work of ISO and other relevant international developments, and methods of labelling (ie on pack, on shelves in stores, via the internet or mobile phone, at point of sale). It will analyse consumer behaviour regarding labelled products by conducting consumer surveys. MoE aims to produce guidelines for calculation and labelling by the end of 2008 with the aim of introducing a labelling system in 2009.

The METI study covers labelling of goods. A study group has been set up comprising manufacturing, consumer and retailer representatives. This group is examining similar issues to the MoE study, such as the reliability of carbon footprint methodologies and how to implement a labelling system. The study's goal is to display goods with trial labels at the Eco-Products Fair in Japan in December 2008, and to compile a report by March 2009 describing the kind of carbon footprint scheme Japan should develop. METI hopes to implement labelling on a trial basis on actual products shortly thereafter. Sapporo Breweries has already announced that it intends to introduce carbon labelling on one of its beer lines once METI's study is complete.

MAFF launched its own study on carbon labelling in June 2008, focusing on the agricultural, forestry and fisheries sectors. Again, this study covers similar ground to the MoE and METI studies, including methodologies and labelling. The latter will be a key aspect of the study, given recent scandals involving fraudulent labelling of food products in Japan. Like the METI study, it aims to create guidelines for calculation and labelling and will produce a report in March 2009.

The Japan Forestry Agency also launched a specialised study in late August with the aim of producing guidelines for a labelling system that would show the amount of CO₂ reduction if wood-based fuels are used instead of fossil fuels. The agency envisions that a label would be attached to bags of wood pellets and anticipates that the guidelines could come into effect next year.

"Eco Ship" labelling scheme

The Japanese Ministry of Land, Infrastructure, Transport and Tourism announced in March that it is aiming to introduce from October 2008, a voluntary labelling scheme for businesses that employ shipping for 30 percent or more of their cargo transportation. Under this scheme, certified businesses may attach an "Eco Ship" mark label to their products to display their environmentally friendly credentials to consumers.

Biodiversity labelling scheme

MAFF is planning to introduce a "Living Creature" labelling scheme from 2009. This is designed to promote agricultural producers' efforts to improve wildlife biodiversity, i.e. reducing their use of agrichemicals/chemical fertilisers, and improving the environment for wildlife habitat and migration in places where agricultural produce is grown.

The first step of the new programme is to gather current examples and then develop guidelines for producers and consumers. It is anticipated that qualifying producers would then be able to attach a "Living Creature" label to their products. One of the intended aims is to promote awareness of Japan's efforts towards biodiversity (Japan is hosting COP10 of the Convention on Biodiversity in Nagoya in 2010).

Buy local

MAFF has announced the creation of a loyalty points scheme for buying domestically produced food items. Under this system, consumers would gain points every time they buy domestic food products, including when they order dishes with a high percentage of domestically produced ingredients at restaurants. Accumulated points could then be exchanged for domestic agricultural products or discounts on such commodities.

MAFF intends to trial the system as early as December 2008 and hopes that the project will eventually grow into a large-scale system. It intends to commission several companies to carry out the experiment, and will also call on bento lunch box chains and convenience stores to join the trial. According to MAFF, major food distributors and restaurant chains have already shown interest in the project in the hope that the reward system will increase their sales.

This programme is consistent with wider policies to encourage consumption of domestic food products and raise Japan's self-sufficiency ratio. There is no particular food miles component to the loyalty scheme.

Country of origin labelling for processed products

In response to a number of food safety scares in Japan over the past year, MAFF and the Ministry of Health, Labour and Welfare (MHLW) have initiated a study into the possibility of strengthening country of origin labelling for processed food. Currently only 20 product categories (including lightly grilled meat) are required to display the origin of the ingredients if an ingredient accounts for more than 50 percent of the total product weight.

The new MAFF/MHLW study is examining the efficacy of expanding this requirement to products that use many ingredients from different countries. Realising that it will be difficult for manufacturers that source identical raw materials from a number of countries to provide country of origin labelling for a particular product, the study is investigating the possible use of more general labels such as "Made Overseas", "May use ingredients from [possible source countries]", and so on. The study and report-back are expected to be completed by the end of 2008.

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