

Japan's Hemp Market An Overview



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Table of Contents

Introduction	4
Key Demographics and Economic Indicators	4
Consumption and the Market	5
Hemp seed	5
Hemp oil	6
Hemp meal	7
Hemp Production and Trade Balance	7
Canada-Japan Trade Relations	7
Market Access Regulations	8
Interesting Developments	8
Key Contacts	9
References	9

JAPAN

Introduction

Hemp seed and hemp oil have garnered significant attention due to their nutritional benefits and versatility of use. Hemp meal, a byproduct of oil extraction, is also gaining traction as a sustainable and nutritious animal feed alternative. Consumer awareness, the legal framework, and technological advancements are key drivers shaping the market.

This trade overview faced a limitation obtaining hemp oil and hemp meal imports to Japan because these imports are categorized under Harmonized System (HS) codes, along with other field crop oils and meals. Despite this challenge, this report aims to provide an overview of Japan's hemp market, with a specific focus on Canada and Manitoba hemp exports.

Key Demographics and Economic Indicators¹

Country name: Japan

Head of State: Emperor Naruhito

Government Type: Unitary parliamentary constitutional monarchy

Capital: Tokyo

Legislature: Parliament (Upper and Lower House)

Judiciary: Supreme Court and three levels of lower courts

Location: Japan is a country located in the northwest Pacific Ocean and bordered on the west by the Sea of Japan, extending from the Sea of Okhotsk in the north toward the East China Sea, Philippine Sea, and Taiwan in the south. Japan is a part of the Ring of Fire, and spans an archipelago of 14,125 islands, with the four main islands being Hokkaido, Honshu (the "mainland"), Shikoku, and Kyushu. Tokyo is the country's capital and largest city, followed by Yokohama, Osaka, Nagoya, Sapporo, Fukuoka, Kobe, and Kyoto.

Economic indicators: Japan has the world's 4th largest economy by nominal GDP (\$5.76 trillion).

Population: 126 million people (Census 2020)

GDP growth: 1.9 per cent (2022)

GDP per capita: \$46,400 (2024 estimate)

GDP per capita rank: 30th (nominal, 2022 estimated)

Inflation: 2.6 per cent (December 2023)

¹ Wikipedia.org

Consumption and the Market

Hemp seed

In 2023, Japan imported about 416 metric tonnes of hemp seeds for a total value of \$1.8 million, as shown in Tables 1 and 2. China was the main supplier in both value and volume, with 72 and 87 per cent of Japan total imports, respectively between 2019 to 2023. Imports peaked in 2020, reaching 647 metric tonnes and have decreased since then. EU countries have increased their market share throughout the years, while Canadian hemp seed imports have decreased to more than half in the last four years.

Canada, the second largest exporter of hemp seeds to Japan (in value) after China, doubled hemp seed exports in 2020 and then exports dropped to just \$172,573 in 2023, as shown in table 1. Manitoba is the top Canadian supplier of hemp seeds, exporting 64.2 per cent of total Canadian hemp seed exports to Japan for the 2019 to 2023 period, followed by Alberta, and British Columbia with 32.1 and 3.7 per cent respectively². Canadian farms enjoy a good reputation in Japan, based on high quality standards monitored from farm to factory. This is a requirement for Japanese buyers when choosing hemp seed suppliers for human consumption. This strong reputation for quality has resulted in high prices, with Canadian hemp seeds fetching three times the price of Chinese hemp seeds.

Table 1. Japanese Global Hemp Seed Imports in Canadian Dollars

Partner countries	Total (2019-2023) \$	%	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	CAGR %
World	11,274,745	100.00	2,173,005	2,777,678	2,207,797	2,273,881	1,842,384	-4.04
China	8,090,400	71.76	1,680,702	1,516,053	1,764,246	1,636,716	1,492,683	-2.92
Canada	2,210,226	19.60	408,994	1,083,852	293,657	251,150	172,573	-19.4
Lithuania	229,062	2.03	-	4,517	29,546	91,264	103,735	184.24
France	399,838	3.55	20,907	23,339	-	288,137	67,455	34.02
New Zealand	12,552	0.11	-	-	-	6,614	5,938	-10.22
United Kingdom	8,365	0.07	-	-	8,365	-	-	
Estonia	99,540	0.88	-	54,449	45,091	-	-	-17.19
Australia	224,762	1.99	62,402	95,468	66,892	-	-	3.54

Source: Global Trade Tracker – June 2024

Table 2. Japanese Global Hemp Seed Imports in Kilograms

Partner countries	Total 2019-2023 (KG)	%	2019 KG	2020 KG	2021 KG	2022 KG	2023 KG
World	2,908,000	100.00%	631,000	647,000	569,000	645,000	416,000
China	2,541,000	87.38%	592,000	567,000	550,000	462,000	370,000
France	218,000	7.50%	17,000	16,000	-	152,000	33,000
Lithuania	14,000	0.48%	-	-	2,000	5,000	7,000
Canada	123,000	4.23%	18,000	61,000	12,000	26,000	6,000
New Zealand	-	0.00%	-	-	-	-	-
United Kingdom	-	0.00%	-	-	-	-	-
Estonia	2,000	0.07%	-	1,000	1,000	-	-
Australia	10,000	0.34%	4,000	2,000	4,000	-	-

Source: Global Trade Tracker – June 2024

² Global trade Tracker – June 2024.

Eighty per cent of the hemp seed market in Japan is for bird feed and 20 per cent is for human food. In Japan, 20 companies supply the hemp seed market and no more than 40 companies handle hemp seed for human use.³ Costco is the largest seller by volume of hemp seeds for human consumption.

Traditionally, hemp seed for human consumption is found in the common Japanese shichimi, a spice powder containing seven ingredients. All brands formulate the powder using imported hemp seeds. In addition, hemp seed can be found in specialty health food stores and online, marketed as a healthy addition to smoothies or food recipes, and rich in omega-3 fatty acids. There are also other products such as hemp nuts or hemp hearts, hemp protein, hemp milk and hemp bars. All these products contain hempseed as an ingredient, either raw or processed. Consumers may consider an organic claim in the label a positive aspect of the product, but organic is not considered a marketing requirement by hemp product industry experts.

Hemp seed for human consumption enjoyed a bump in sales as a superfood between 2018 and 2020, but the sales along as imports appear to be fading away with a negative Compound Annual Growth Rate (CAGR) of four per cent for the 2019 to 2023 period, as shown in Table 1.

Hemp oil

Hemp oil import statistics are not available because they are grouped with other oil products under the HS. However, retail reports identify a limited number of hemp oil sourced from Australia, New Zealand, Lithuania, Canada, and the US.

Based on Canadian export statistics, Manitoba accounts for more than 72 per cent of Canadian hemp oil exports to Japan (in quantity), followed by Saskatchewan (13 per cent) and British Columbia (11 per cent) for the 2019 to 2023 period. Unfortunately, Canadian exports of hemp oil have seen a negative CAGR of 31.9 per cent in the last five years. As shown in Table 4, Canadian hemp oil exports decreased to one third (in volume) from 2019 to 2023.

Table 3. Canadian Hemp Oil Exports to Japan in Canadian Dollars

Reporter	Total (2019-2023) \$	%	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	CAGR %
Total	552,958	100.00	209,483	104,000	105,426	88,861	45,188	-31.85
Manitoba	374,958	67.81	140,324	65,358	56,890	74,929	37,457	-28.12
Saskatchewan	97,682	17.67	66,140	4,680	13,263	5,868	7,731	-41.53
Ontario	8,064	1.46	-	-	-	8,064	-	
British Columbia	68,583	12.40	-	33,592	34,991	-	-	4.16
Alberta	3,671	0.66	3,019	370	282	-	-	-69.44

Source: Global Trade Tracker – June 2024

Table 4. Canadian Hemp Oil Exports to Japan in Kilograms

Reporter	Total (2019-2023) KG	%	2019 KG	2020 KG	2021 KG	2022 KG	2023 KG
Total	38,451	100.00%	13,211	7,095	7,301	6,453	4,391
Manitoba	27,894	72.54%	9,939	5,155	3,786	4,983	4,031
Saskatchewan	4,969	12.92%	3,169	360	720	360	360
Ontario	1,110	2.89%	-	-	-	1,110	-
British Columbia	4,276	11.12%	-	1,520	2,756	-	-
Alberta	202	0.53%	103	60	39	-	-

Source: Global Trade Tracker – June 2024

³ United States Department of Agriculture

Hemp meal

Hemp meal or cake is the byproduct left from pressing the seeds to obtain oil. Like hemp oil imports, hemp meal imports are also lumped with other field crop meal imports into one code under the HS, which does not allow for reporting on this product. However, Canadian export statistics highlights growth in hemp meal exports to Japan in the last five years reaching \$784,014 in 2023. Manitoba accounts for over two thirds of the total Canadian hemp meal exports in value, reaching \$482,582 in 2023 as shown in Table 5.

There are no specific requirements for hemp meal, besides meeting hemp seed standards including compliance with the Plant Protection Act. If hemp meal is meant for animal feed, it would need to conform to the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, which controls aspects of pet and animal feed.

Table 5. Canadian Hemp Meal Exports to Japan in Canadian Dollars

Reporter	Total (2019-2023) \$	%	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	CAGR %
Total	2,438,442	100.00	344,538	409,188	496,308	404,394	784,014	22.82
Manitoba	1,641,336	67.31	250,340	270,491	348,840	289,083	482,582	17.83
Alberta	698,194	28.63	94,198	138,697	135,712	72,370	257,217	28.55
Saskatchewan	93,312	3.83	-	-	6,156	42,941	44,215	168.00
British Columbia	5,600	0.23	-	-	5,600	-	-	

Source: Global Trade Tracker – June 2024

Table 6. Canadian Hemp Meal Exports to Japan in Kilograms

Reporter	Total (2019-2023) KG	%	2019 KG	2020 KG	2021 KG	2022 KG	2023 KG
Total	13,194,236	100.00	1,862,252	2,221,770	2,678,784	2,187,068	4,244,362
Manitoba	8,872,264	67.24	1,353,074	1,462,080	1,881,218	1,562,856	2,613,036
Alberta	3,783,993	28.68	509,178	759,690	733,575	391,192	1,390,358
Saskatchewan	507,710	3.85	-	-	33,722	233,020	240,968
British Columbia	30,269	0.23	-	-	30,269	-	-

Source: Global Trade Tracker – June 2024

Hemp Production and Trade Balance

Japan has a long history in hemp production for use in textiles, ropes, industrial and human consumption. However, domestic production is very small and mainly as fibre for rituals connected to the Shinto religion. Strict regulations of domestic cultivation of the cannabis plant, as well as the cheaper hemp seed imports readily available make the domestic production non-appealing and non-viable despite efforts by the domestic players to grow the industry. It is not anticipated that a domestic Japanese hemp seed or hemp seed oil industry will be developed in the foreseeable future, making Japan a net importer of hemp seed and hemp oil products.

Canada–Japan Trade Relations

Japan is the world's fourth-largest national economy, and it was the third-largest destination for Manitoba's agri-food exports in 2023. Trade and economic relations between Canada and Japan have been growing throughout the years. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership eliminates or reduces tariffs on most key Canadian exports to Japan, including for agriculture and agri-food products.

Canada's exports of merchandise to Japan totalled \$15.8 billion in 2023, while imports from Japan were \$20.7 billion. Agricultural products such as canola seed, wheat, pork, beef and soybeans were among Canada's largest exports to Japan, while vehicles, machinery and equipment, and scientific and precision instruments were Canada's largest imports from Japan in 2023.

Market Access Regulations

The laws regulating hemp seed imports are the Foreign Exchange and Foreign Trade Act, the Cannabis Control Act, the Plant Protection Act and the Food Sanitation Act.

The Japanese Ministry of Health, Labour and Welfare (WHLW) is responsible for ensuring that imported hemp products do not contain tetrahydrocannabinol (THC). Adhering to a strict zero-tolerance policy, any hemp product found with detectable levels of THC is considered in breach of the Cannabis Control Act and presumed to be sourced from parts of the plant, other than the mature stalks and seeds. This legal framework leads to varying procedures for the importation of hemp-derived products.

Also under the Cannabis Control Act, importers of hemp seeds are required to verify that their products are heat-treated to prevent seeds from germination. Exporters must submit the required heat treatment certifications as well as the importer's "request for certification" to the Japan Ministry of Health.

It is also possible for heat treatment to be conducted in Japan, which should reach at least 90° Celsius for at least an hour, as recommended by the Japan Ministry of Health. There is no requirement to conduct the heat treatment in any specified place, and the seeds can be treated outside the bonded area. The germination tests are conducted at the facilities of regional offices of the Ministry of Health and take from one to two weeks. Once the seeds have passed the test, the ministry issues an approval certificate to the importer verifying the hemp seeds did not germinate. The importer then provides the certificate to Customs for the seeds to clear the entry into the country. The same regulations and process apply whether the hemp seed is destined for human or animal use.

There are no specific instructions for the importation of hemp oil, as it is considered a niche product. However, the Ministry of Health recommends including a Substance Analysis Report for non-detection of THC with Customs documents. It also advises maintaining close communication with the importer of hemp seed oil in Japan to ensure that all required documents are submitted. Hemp seed oil regulations apply, including cases in which hemp seed oil is mixed with other oils or ingredients.

Interesting Developments

An international market research organization projected growth in the global hemp seed market at a CAGR of 22.4 per cent over the period 2024 to 2032.⁴ In Japan, growing consumer awareness about the health benefits of hemp might help drive growth in this market. Currently, hemp seed and hemp products are used in many different industries in Japan including food and beverage, personal care products, nutritional supplements, animal feed, and industrial products. However, the Japanese food and beverage industry accounts for almost half of the use of hemp seeds in Japan.⁵

The Japanese food and beverage industry is innovating using hemp products. In 2021, Endian LLC., funded partially by Coca Cola Bottlers Japan Inc., launched a drink called "Chill Out" which contained hemp seeds. This drink was marketed as a relaxation drink and sold in shops and vending machines. Today, the product continues being a success. In the personal care industry, Hello Products LLC, a Colgate Palmolive brand, launched hemp-based oil products such as toothpaste, mouthwash, and dental floss. It is anticipated that more interesting developments using hemp products will be made available in the Japanese market.

⁴ www.fortunebusinessinsights.com

⁵ www.fortunebusinessinsights.com

Key Contacts

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Others:

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