

# Economic Report Japan

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### Japan remains one of the world's largest food markets

Japan's food market is characterized by high customer expectations. They will have to prepare for further price increases in 2025, not least due to more expensive imports. Japan wants to accelerate access to innovative medicines. The cosmetics market continues its recovery.

## Overall economic outlook (as of June 2025)

Japan's economic outlook has deteriorated. In addition to weak consumption, there are additional import duties in the USA and uncertainties about their future development.

### Top topic: Trump's tariff threats lead to uncertainty

Since April 2025, additional import duties of 10 percent have applied to Japanese goods in the USA. For cars and steel, these even amount to 25 percent. There is also the threat of additional US import duties of 24 percent for all other goods of Japanese origin from July 2025. Japan and the USA are currently negotiating the tariff dispute.

The USA is Japan's most important partner in many respects. It is the guarantor of security for Japan in a difficult political and economic environment in East Asia. Japan is the largest foreign investor in direct investments in the USA. More than a third of Japanese direct investments abroad are in the USA. The USA is the largest customer for exports of goods with a share of 20 percent. There is a high level of dependency on the USA as a sales market, for example for cars, vehicle parts, construction machinery and pharmaceuticals. The damage that tariffs can cause is correspondingly high.

### USA is an important buyer of Japanese goods

#### Selected exports from Japan to the USA in 2024 in billion US dollars; USA share of Japanese exports in the respective product group in percent

	Exports to the USA	Share of the USA in exports of the product group
TOTAL	<b>141,5</b>	<b>20</b>
Cars	39,6	37
Car components	10,2	31
Construction and mining machinery	6,4	49
semiconductor machines *	3,5	12
Medicines	2,5	33
Printers	2,5	31
Engines, gas turbines	2,2	48
Batteries	2,1	42

\* Machinery for the production of semiconductors and flat screens; 48.4 percent of Japanese exports in this product group went to the PR China in 2024

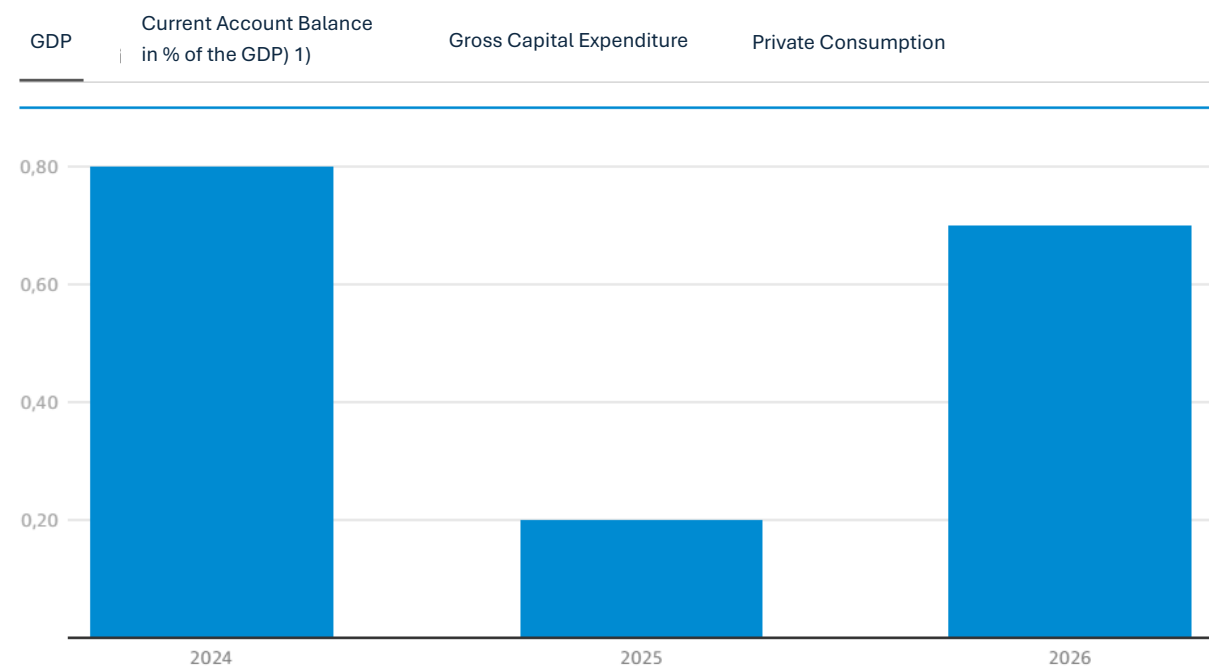
### Economic development: growth likely to weaken

In 2023 and 2024, the Japanese yen continued to lose value against the US dollar and the euro. The depreciation of the yen meant that Japan had to relinquish its position as the world's third-largest economy to Germany in 2023. On the other hand, profits and investments by Japanese companies picked up again thanks to the weak yen.

In the 2024 fiscal year (from April to March), Japan's gross domestic product (GDP) grew by 0.8 percent in real terms compared to the previous year, according to preliminary figures from the Cabinet Office. Expectations for economic growth in the 2025 fiscal year are below this figure.

Car production in calendar year 2024 remained below that of the previous year. Value added in the manufacturing sector fell by 2.2 percent in real terms. There was only notable growth in a few areas. Banks and insurance companies benefited from the interest rate hikes. The tourism industry is expanding thanks to the many foreign visitors and the healthcare sector is also growing. In contrast, value added in the construction sector shrank. In general, across all sectors, many small domestic market-oriented companies are more pessimistic about the future than large export-oriented companies.

### Economic development in Japan from 2024 to 2026: Growth slows down Real change compared to the previous year in percent 1)



1) Fiscal year (April 1 to March 31); 2024 provisional; 2025 estimate; 2026 forecast; 2 calendar year, nominal.  
Source: Cabinet Office 2025; OECD 2025; Japan Research Institute 2025

### Investment growth in the automotive industry comes to a standstill

Thanks to the weaker yen, export-oriented companies are making good profits. As a result, investments in equipment are increasing. In addition, government subsidies for relocations in the semiconductor industry are having a positive effect. However, new tariffs on Japan's exports to the US, uncertainties about future US policy and slower than expected development of electromobility are causing car manufacturers in particular to halt and delay investment projects. In the chemical industry, there are many projects for semiconductor chemicals in Japan. The strong economy in tourism is leading to many hotel projects. A lot of money is also flowing into new data centers. Cold chain logistics are increasingly being modernized. Japan is also significantly increasing its defense spending. The government is also pushing ahead with the expansion of renewable energies and wants to put more nuclear power plants back into operation. At the same time, many companies are researching hydrogen solutions for the future.

### Weak purchasing power development slows down private consumption

On a yen basis, wages are rising in nominal terms. However, real wages fell, most recently also in the 1st quarter of 2025. While companies in the manufacturing sector increased wages more strongly than the inflation rate in the 1st quarter of 2025, wage increases in the retail sector were lower. Private consumption is therefore likely to remain weak in the 2025 fiscal year.

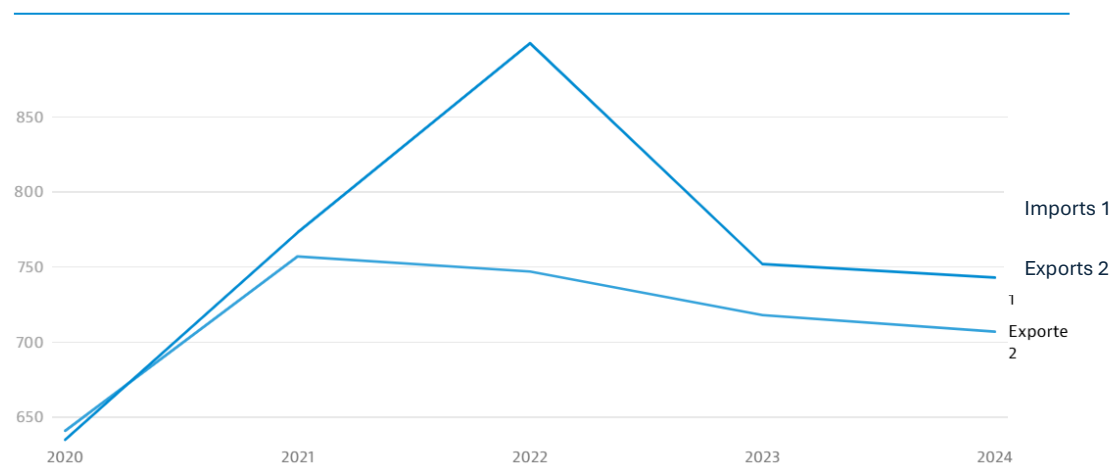
### US tariffs could jeopardize forecast increase in foreign trade

In 2024, Japan's imports fell by 1.2 percent compared to the previous year to USD 742.7 billion. The main reason for this was lower spending on fuels. Imports of motor vehicles and their parts fell by 7.6 percent. There was growth in imports of aircraft in particular. Exports shrank by 1.5 percent in US dollar terms. In terms of Yen, however, Japan's exports and imports increased. At the end of 2024, the Japan Foreign Trade Council expected an increase in exports and imports for the 2025 fiscal year. It remains to be seen whether this will happen in view of the additional import tariffs imposed by the USA.

### Japan's foreign trade: trade volume falls in US dollar terms (in billions of US dollars)

Exports shrank by 1.5 percent in US dollar terms. In yen terms, however, Japan's exports and imports increased. At the end of 2024, the Japan External Trade Council expected an increase in exports and imports for the financial year 2025. It remains to be seen whether this will materialize in view of the additional import tariffs imposed by the US.

### Japan's foreign trade: trade volume falls in US dollar terms (in billions of US dollars)



1 Cost, Insurance, Freight (cif); 2 Free on Board (fob).

Source: UN Comtrade 2024

### German perspective: German goods sales on course for growth despite cheap yen

German exports to Japan rose to 6 billion euros in the first quarter of 2025. This was 16.7 percent more than in the same period last year. This made Japan the second-largest buyer of German goods in Asia and the third-largest buyer outside Europe. Among other things, German car exports to Japan rose significantly in the 1st quarter of 2025.

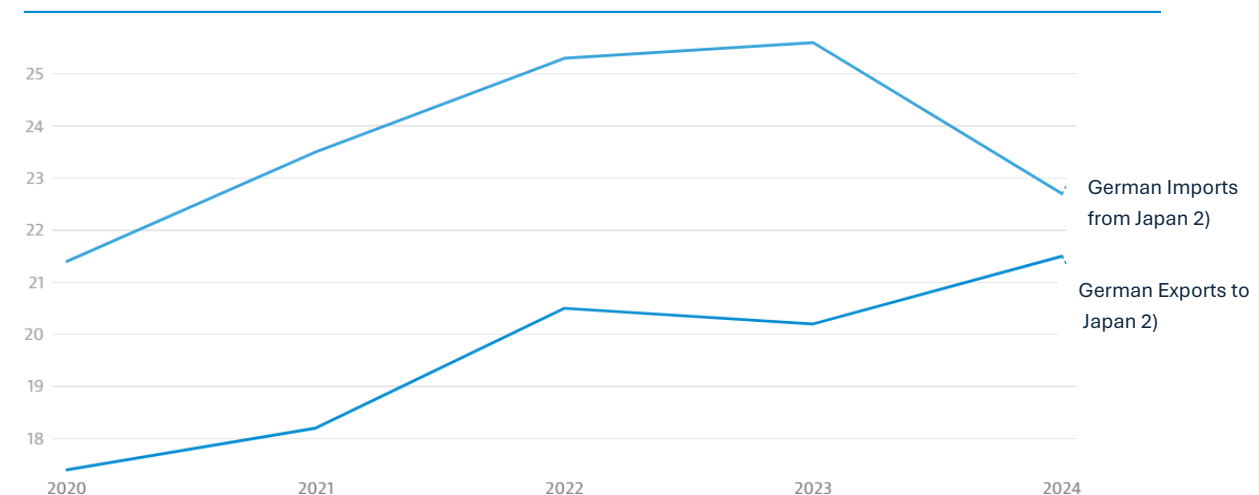
### 93 percent of German companies in Japan describe the stability and reliability of business relationships as Japan's unique selling point

(Source: AHK Japan survey, April 2025)

This is despite the fact that the cheaper yen makes it fundamentally more difficult to sell German products. However, although Japanese customers are difficult to win over, they are generally loyal customers. The weak yen offers opportunities to buy Japanese companies. For example, Bosch is acquiring Hitachi-Johnson Controls Air Conditioning, another plant in Japan. In addition, German companies in the chemical and pharmaceutical industries are expanding their production in the country.

Thanks to the free trade agreement with the EU, most industrial goods originating in Germany can be delivered to Japan duty-free. However, Japan already had relatively low import duties before the agreement. The reduction in customs duties on foodstuffs is interesting. For the time being, import duties for German products, such as cheese, are still being reduced annually.

## German imports and exports: German exports will increase in 2024 (in billions of euros)



1 Free on Board (fob); 2 Cost, Insurance, Freight (cif).

Source: Destatis 2025

Further information on developments in Japan's economy and key sectors can be found on the [GTAI-Länderseite Japan](#). Here you will also find articles on legal and customs issues.

## Market Trends Food Industry

On Japan's food market, the quantities produced and the dependence on imports remain virtually unchanged. Import tariffs for products from Germany are continuing to fall.

According to market researchers from Statista Market Insight, Japan's food market is expected to reach sales of 401 billion US dollars (US\$) in 2025. This is 2.3 percent more than in 2024 and includes private household spending on food, excluding spending on food service. Among the larger product groups, market researchers expect to see growth in the coming years, particularly in bread and cereals, confectionery and snacks, dairy products and ready meals.

**According to data from Statista, Japan ranks fourth worldwide in terms of the size of the food market in 2024.**

### Prices to rise more slowly in 2025

Higher raw material, logistics and energy costs mean that prices for many products will rise in 2025, as in the previous year. At the end of 2024, the Teikoku database estimated that prices for more than 11,700 food products would rise in 2025. In 2024, prices had risen for 12,500 products. On average, these foods are expected to become around 15 percent more expensive, 2 percentage points less than in 2024. There will also be further price increases in the food service sector. This will curb the appetite for eating out somewhat. On the other hand, Japan is expecting even more foreign tourists in the country.

### Snack and baked goods production and confectionery imports grow

The increase in snack production of the previous two years continued in 2023. According to the Japan Snacks and Cereal Foods Association, the quantities delivered by the association's members grew by 2.6 percent in 2023 compared to the previous year. The trade journal The Beverage & Food Statistics Monthly estimates an increase of 2.3 percent for 2024 and expects an increase of 3.4 percent for 2025.

According to the All Japan Confectionary Association, the production volume of confectionery in Japan fell for the first time in a long time in 2024. The decline amounted to 0.6 percent compared to the previous year. In terms of production value, there was an increase of 4.1 percent in yen terms. Imports of confectionery to Japan also increased significantly between 2018 and 2024, both globally and from Germany. Imports from Germany also increased between 2018 and 2024 for food supplements, coffee, beer, wine, non-alcoholic beverages and malt.

According to the Japan Baking Industry Association, the volume of baked goods produced rose by 1.3 percent to 1.2 million tons in 2024. Previously, the production volume had fallen for three years in a row.

#### **Production of food and beverages to grow again in Japan in 2025 <sup>1)</sup> (in billion US dollars)**

	<b>2022</b>	<b>2023</b>	<b>2024 <sup>2)</sup></b>	<b>2025 <sup>3)</sup></b>
<b>Production</b>	187.8	181.0	174.4	177.9

1) Exchange rate: 1 US\$ = 131.6 yen (2022), 140.6 yen (2023), 151.6 (2024, 2025); 2) Estimate; 3) Forecast. Source: The Beverage & Food Statistics Monthly, Nikkan Keizai Tsushinsha, 2025

#### **Trend towards less alcohol**

In the case of alcoholic beverages, consumers are currently reducing the consumption of champagne in view of stagnating real wages. In return, substitute products such as canned sparkling wine are gaining in popularity. In wine sales, wines without alcohol or with a low alcohol content are on the rise, starting from a very low level. In the case of beer, the non-alcoholic variant has now clearly established itself, even if its share is still low.

For non-alcoholic beverages, the trade journal The Beverage & Food Statistics Monthly expects production volumes to grow in 2025, particularly for mineral water, carbonated beverages and green tea-based beverages. These three segments are also likely to have grown in 2024.

#### **Duties on dairy products continue to fall**

For dairy products, the Japan Dairy Association expects production volumes for the 2025 fiscal year (from April to March) to decrease by 0.8 percent year-on-year to 7.3 million tons. In the 2024 fiscal year, the production volume increased by an estimated 0.4 percent. A free trade agreement between Japan and the EU has been in force since 2019. Thanks to this, import duties on cheese originating in the EU, for example, will continue to fall. This also benefits German suppliers.

#### **Imports of frozen food and sausages on the rise**

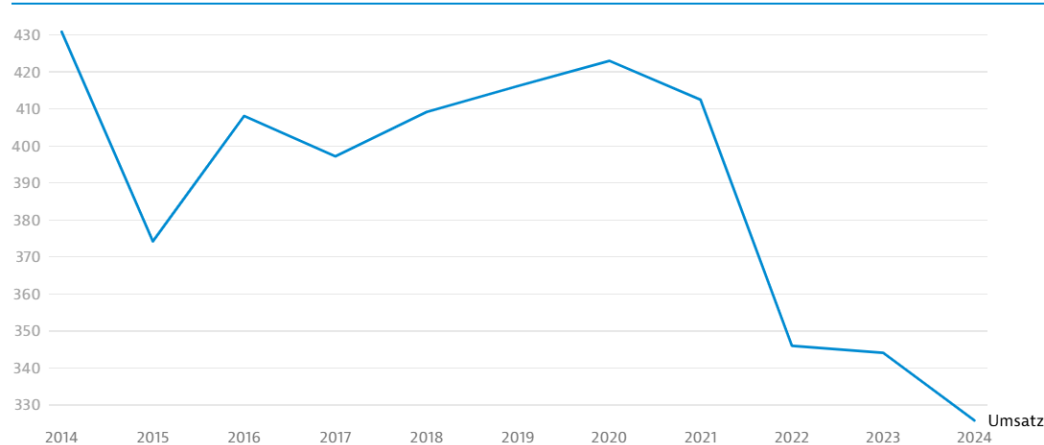
According to the Japan Frozen Food Association, the production volume of frozen food fell by 0.5 percent to 1.5 million tons in 2024. However, due to rising imports, total consumption increased by 1.5 percent to 2.9 million tons. Per capita consumption rose to 23.6 kilograms per year. Domestic production increased by 8.3 percent for ramen noodles (to 70,400 tons) and potatoes (to 28,440 tons).

The production volume of the members of the Japan Ham and Sausage Processors Cooperative Association rose by 1 percent year-on-year to 554,000 tons in 2024. According to the association, imports of sausages and ham grew by 6.1 percent to just under 50,000 tons.

Gluten-free or vegan foods can now be found in more and more stores. However, they still tend to have a niche character.

In local currency yen, retail sales of food remained virtually unchanged from 2014 to 2022. In 2023 and 2024, it grew significantly due to higher prices. However, due to the depreciation of the yen against the US dollar, sales in US dollar terms fell.

Retail food sales fall in Japan in dollar terms \* (In billions of US dollars)



\* converted at the respective annual average exchange rate of the dollar to the yen.  
Source: Ministry of Economy, Trade and Industry (METI) 2025; calculations by Germany Trade & Invest

Manufacturers set their sights on international sales

Many plants in Japan are now getting on in years. Manufacturers are therefore building new plants to replace some of the old ones. This is the case, for example, with projects at Meiji on Hokkaido and in Kanagawa Prefecture.

Selected investment projects in the food industry in Japan (investment amounts in million US dollars)

Player	Total *	Period	Remarks
Meiji	317	04/2024 until 03/2027	New plant for dairy products in Kenebetsu in Hokkaido Prefecture with a capacity of 430,000 tons of raw milk equivalent per year
Meiji	264	05/2025 until 03/2027	New plant for dairy products in Atsugi in Kanagawa Prefecture; replaces three other plants that are being closed
Acecook	178	07/2024 until 12/2025	Instant noodle factory in Kawagoe, Saitama Prefecture
Suntory Beverage and Food	165	Herbst 2024 until Frühjahr 2026	Production line for aseptic filling of PET bottles and automated warehouse in Takasago, Hyogo Prefecture
Suntory	39	02/2024 until 2025	Expansion of the gin factory in Osaka
Iris Ohyama	132	11/2024 until 2029	Packaged cooked rice plant in Setouchi, Okayama Prefecture; construction of logistics building (by 2026), production building (2028) and automated warehouse (2029)
Iris Ohyama	92	10/2024 until Mitte 2026	Mineral and seltzer water plant in Maizuru, Kyoto Prefecture
Kanro	86	10/2025 until 03/2027	Fruit gum factory in Higashichukuma County, Nagano Prefecture

\* converted at the 2024 exchange rate: US\$ 1 = 151.6 yen.  
Source: Company information; research by Germany Trade & Invest 2025



As the domestic market only offers limited opportunities for growth, Japanese manufacturers are increasingly focusing on international sales of their products. On the one hand, this is happening through exports. On the other hand, companies are expanding their production abroad. There are new projects abroad in areas such as probiotic drinks, beer, instant noodles and frozen food.

Companies are also acquiring competitors abroad. In 2023, for example, there were two major acquisitions in the food supplements sector: Kirin bought the Australian supplier Blackmores and Otsuka Pharmaceutical bought the US company Bonafide Health. In 2024, the Asahi Group acquired the contract brewer Octopi Brewing in Waunakee, Wisconsin, USA. In the first half of 2025, Toppan Holdings acquired part of the packaging business of US company Sonoco Products for around USD 1.8 billion.

#### **Selected investment projects of Japanese companies in the food industry abroad (Investment amount in millions of US dollars)**

<b>Player</b>	<b>Total *</b>	<b>Period</b>	<b>Remarks</b>
Yakult	305	n.a.	Letter of intent dated July 18, 2023 for the construction of a new plant for probiotic beverages in Bartow County in the US state of Georgia
Asahi Group	275	10/2023 until 09/2033	Modernization of the facilities at the Hungarian subsidiary brewery Dreher
Nissin Foods	228	12/2023 until 08/2025	Plant for instant noodles near Greenville in the US state of South Carolina
Asahi Group	275	10/2023 until 09/2033	Investments in the modernization of facilities at the Hungarian subsidiary brewery Dreher
Nissin Foods	228	12/2023 until 08/2025	New plant for instant noodles near Greenville in the state of South Carolina in the USA
Nissin Foods	180	06/2024 until 03/2026	New plant for instant noodles in Ponta Grossa, Parana state, Brazil
Morinaga	136	12/2024 until 06/2026	Confectionery factory in Mebane in Orange County, North Carolina, USA
Nissui	2/2024 bis 2. HJ 2025		Expansion of frozen seafood production at the subsidiaries Gorton's with a new plant in the US state of Indiana and Cité Marine with an expansion at the site in Kervignac in France
Nissin Foods	110	n.a.	Second plant for instant noodles in Kecskemét in Hungary, announcement from 02/2025

\* Converted at the 2024 exchange rate: US\$ 1 = 151.6 yen Source: Company information; research by Germany Trade & Invest 2025

## **Sector Structure of the Food Industry**

Japan's food and beverage processing industry is highly competitive and is dominated by large companies.

Japan's government wants to strengthen food security. To this end, it formulated the "Food Security Reinforcement Policy Framework" in December 2022 as a kind of roadmap. The basic aim is to reduce dependence on imports and increase self-sufficiency. Among other things, this includes increasing the cultivation of raw materials for use in the agricultural industry and relying on more energy-saving technologies

### Japan wants greater self-sufficiency and more smart farming

Japan's level of food self-sufficiency on a calorie basis is relatively low at 38 percent in the fiscal year 2023. This is mainly due to the country's geographical structure. According to the new "Basic Plan" from April 2025, the government wants to increase the self-sufficiency rate to 45 percent by 2030. However, the government had already set itself this target for 2025.

In particular, the use of smart farming, i.e. digital applications, is intended to increase the efficiency of the agricultural industry. However, the country will still have to import both raw products for its own consumption and those for further processing.

Stockpiling of wheat and soybeans is set to rise sharply. The wheat harvest is set to increase from 1.1 million tons in the 2023 fiscal year to 1.4 million tons in the 2030 fiscal year. For phosphorus fertilizer, the government has set a self-sufficiency target of 40 percent for the 2030 fiscal year. In the 2021 fiscal year, this was 25 percent.

### Forecast for production of selected food products in Japan \* (in million US dollars, change in percent)

Division	2025	Change 2025/2024
<b>Dairy products, e.g.</b>	21.406	0,6%
Milk	4.782	0,3%
Icecream	4.235	0,5%
Fermented milk	6.003	0,6%
Cheese	1.332	1,0%
<b>Confectionery</b>	18.811	2,6%
<b>Health Food</b>	11.214	4,9%
<b>Bread</b>	6.530	1,0%
<b>Meat Processing</b>	5.580	0,8%
Sausages	2.737	0,2%
Ham	1.774	1,1%
Bacon	1.069	1,9%
<b>Frozen Food</b>	5.309	1,4%
<b>Ready Meals</b>	4.624	1,5%
<b>Noodles</b>	4.821	1,7%

\* converted at the exchange rate: US\$ 1 = 151.6 yen.

Source: The Beverage & Food Statistics Monthly, Nikkan Keizai Tsushinsha 2025

### Large companies dominate the picture

The production of agricultural products in Japan takes place mainly on small farms. In contrast, the processing companies are usually large. According to the Ministry of Economy, Trade and Industry, there were a total of 24,769 food processing companies in Japan in 2022, including 7,755 with 30 or more employees. These accounted for the lion's share of production. Competition is very intense.

### Important manufacturers in selected segments

Segment	Provider
Confectionery, snacks	Calbee, Lotte, Morinaga, Ezaki Glico, Fujiya
Frozen food	Nissui, Maruha Nichiro, Ajinomoto, JT
Alcoholic beverages	Suntory, Kirin, Asahi, Sapporo
Non-alcoholic drinks	Suntory, Coca Cola, Yakult, Otsuka, Ito En
Meat processing	NH Foods, Itoham Foods, Prima Meat Packers, Starzen, S Foods
Baked goods	Yamazaki Baking, Fuji Baking, Pasco Shikishima, First Baking, Nichiryo Baking
Dairy products	Morinaga, Megmilk Snow Brand, Yakult, Meiji Holdings, Koiwai Dairy Products
Spices	Ajinomoto, Kikkoman, Mizkan, Kagome, House Foods

Source: Research by Germany Trade & Invest, 2025

The top-selling players in Japan are the three beverage groups Suntory, Asahi and Kirin. Among the foreign suppliers, Coca-Cola is in the top group. The US group operates several bottling plants throughout Japan. Otherwise, international industry giants such as Mondelez, Nestlé and Unilever are strongly represented with their food products in various product groups.

### Important sector companies in Japan (sales in billions of US dollars; change in percent) <sup>1)</sup>

Company	Divisions	2024	Change 2024/2023
Suntory	Beverages	22,5	-3,5%
Asahi Group	Beverages	19,4	-1,6%
Kirin Holdings	Beverages	15,4	1,6%
Ajinomoto <sup>2</sup>	Food, Amino acids	10,3	3,2%
NH Foods <sup>2</sup>	Meat processing	9,0	-2,6%
Yamazaki Baking	Baked goods	8,2	-1,8%
Meiji Holdings <sup>2</sup>	Dairy, beverages, confectionery	7,6	-3,0%
Itoham Yonekyu <sup>2</sup>	Meat processing	6,5	-3,7%
Coca-Cola Bottlers Japan	Beverages	5,9	-4,7%
Nisshin Seifun Group <sup>2</sup>	Flour	5,6	-6,6%

1 Conversion at exchange rate 1 US\$ = 140.6 yen (2023) and 1 US\$ = 151.6 yen (2024); 2 Calculated by Germany Trade & Invest on the basis of quarterly results.

Source: Information provided by companies in 2024; calculations by Germany Trade & Invest 2025

### Germany's share of deliveries remains low

The Japanese archipelago is heavily reliant on food imports. The most important supplier countries are the USA, China, Australia, Thailand and Brazil. Japan is also the fifth largest buyer of European agricultural exports. Germany accounts for a small share of Japanese food and beverage imports. The free trade agreement between the EU and Japan, which has been in force since February 2019, has improved supply conditions for European and German suppliers of food and beverages.

Japan's food and beverage imports (SITC 01-07, 09, 11) amounted to just under 56 billion US dollars (US\$) in 2024. This represents a fall of 2.1 percent compared to the previous year. Germany's import market share amounted to less than 1 percent. Imports from Germany also fell by 11.2 percent. Imports of meat and meat products from German farms were also almost completely halted in 2024 due to African swine fever and foot-and-mouth disease.

#### Japan's imports of food and beverages (in million US dollars; year-on-year change in percent)

SITC	Product Group	2024	Change 2024/2023	Germany *
01	Meat and meat products	13.597	4,6%	1
02	Milk and dairy products, eggs	1.827	-10,3%	89
03	Fish, other aquatic animals and preparations	12.274	-5,7%	19
04	Cereal products and baked goods	8.153	-14,6%	52
05	Vegetables, fruits and preparations	9.945	1,9%	52
06	Sugar, Sugar confectionery and honey	1.263	-6,5%	42
07	Coffee, tea, cocoa, spices and related products	4.035	18,7%	27
09	Various foodstuffs and preparations	1.962	1,3%	40
11	Beverages	2.885	-6,5%	59
<b>Total</b>		<b>55.939</b>	<b>-2,1%</b>	<b>381</b>

\* Imports from Germany 2024; deviations due to rounding.

Source: UN-Comtrade, 2025

Japan's exports of food and beverages fell by 3.8 percent year-on-year to US\$ 7.4 billion in 2024. The Japanese government wants to strengthen exports in the agricultural sector. The largest buyers of Japanese food and beverages in 2024 were the USA, Hong Kong and Taiwan. This was followed at a considerable distance by China. Exports to China fell by a further 46.9 percent compared to the previous year. China was still the largest buyer of Japanese food and beverages in 2022.

#### Distribution is complex

Japan's food market is accessed via a multi-layered system of importers, wholesalers, trading houses and distribution companies. It is difficult for foreign newcomers to understand. It is important to open up the right distribution channels and ultimately make the product known to the intermediate or end customers. A well-networked partner is important for this.

Sales of imported food in Japan are concentrated in the three large metropolitan areas around the major cities of Tokyo (Kanto region), Osaka (Kansai region) and Nagoya (Tokai region). Around two thirds of the population live in these regions. They also have the highest income levels.

## Pharmaceutical Industry

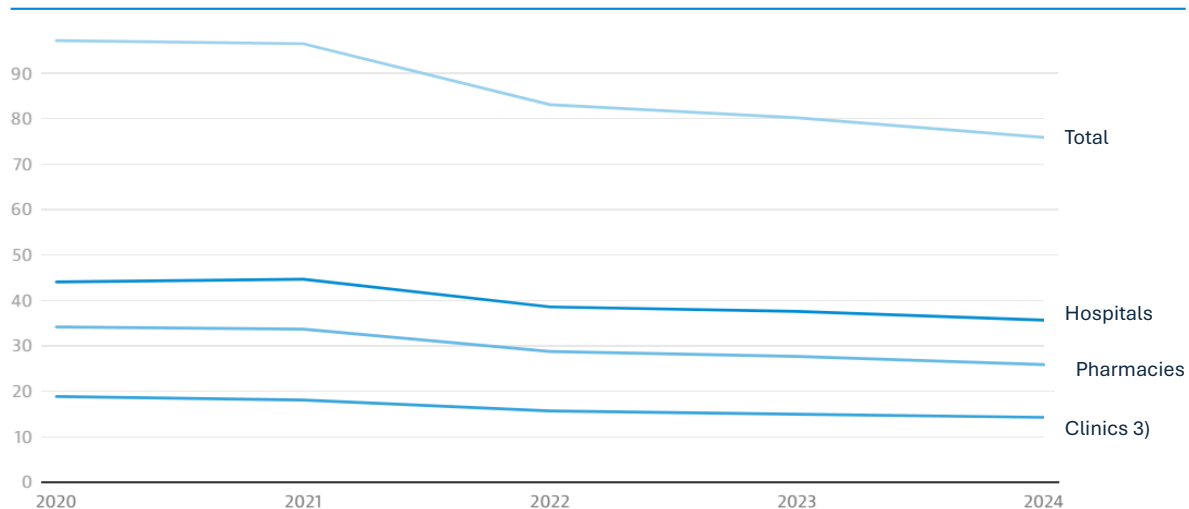
The Japanese pharmaceutical market is benefiting from an ageing population. Drug manufacturers are investing in additional capacities.

### Market trends

According to market researcher IQVIA, Japan's pharmaceutical market was the third largest in the world in 2023. In 2024, Japan is likely to have fallen back to fourth place behind Germany. The market continues to grow in the local currency Yen. This is expected to remain the case in the coming years. Although the population is declining, aging is progressing rapidly. However, the population is aging rapidly, and with it the number of senior citizens is growing. According to IQVIA, sales of pharmaceuticals in yen increased by 2 percent in 2024 compared to the previous year. However, the weaker yen again led to a lower result in US dollars (USD) in 2024 than in the previous year.

In 2024, doctors' surgeries and hospitals gained importance in the prescription of medicines. There and also in pharmacies, sales in Yen are above the level of 2019 before the pandemic.

### Pharmaceutical sales in Japan <sup>1) 2)</sup> (in billions of US dollars)



1 Conversion at exchange rate 1 US\$ = 106.7 yen (2020), 109.9 (2021), 131.6 yen (2022), 140.6 yen (2023) and 151.6 yen (2024);

2 Deviation in the total due to rounding; 3 Medical facility with 0 to less than 20 beds

Source: IQVIA 2025

### Large companies invest

In view of the foreseeable further growth of Japan's pharmaceutical market, manufacturers are investing in new capacities for the production of pharmaceuticals. AGC, for example, is expanding its contract manufacturing facilities. JCR, Biken and Chugai are creating additional capacity for the production of biopharmaceuticals. Alfresa Pharma, Novartis and Boehringer Ingelheim are also building larger drug factories in Japan. The laboratory supplies provider Eppendorf Himac Technologies plans to build a centrifuge plant near Tokyo by 2026.

Boehringer Ingelheim and Eli Lilly received approval for the diabetes drug Jardiance in Japan at the beginning of 2024. In November 2024, the Japan Central Social Insurance Medical Council approved the reimbursement of treatments with Eli Lilly's Alzheimer's drug Donanemab. At the end of 2024, Japan approved the breast cancer drug Datroway developed by Astra Zeneca and Daiichi Sankyo.

Abroad, Fujifilm Diosynth Biotechnologies is pushing ahead with billion-euro projects in Hillerød in Denmark and in Holly Springs in North Carolina in the USA. Daiichi Sankyo is investing around one billion euros between 2024 and 2030 in Pfaffenhofen an der Ilm in Bavaria to expand production and laboratories for research and development.

Kyowa Kirin plans to invest around half a billion US dollars in a plant with two bioreactors in Sanford, New Carolina, USA, between 2024 and 2027. Astellas Pharma is building a plant for aseptic drugs in Ireland from 2024 to 2028 for 330 million euros.

**Selected investment projects in the pharmaceutical industry in Japan (investment amounts in millions of US dollars)**

Player	Total *	Period	Remarks
<a href="#">AGC</a>	330	12/2023 until 2026	Expansion of biopharmaceutical contract manufacturing capacities in Yokohama; facilities can also be used for the production of vaccines.
JCR	165	02/2025 until 09/2026	Biopharmaceuticals plant, automated warehouse and office building in Kobe; to help boost Japan's vaccine production
Biken	158	09/2024 until 11/2027	Building for the development of new biopharmaceuticals, production of investigational medicinal products and small series production in Kannonji in Kagawa Prefecture
<a href="#">Chugai Pharma Manufacturing</a>	134	05/2026 until 06/2027	Expansion of the production of active ingredients for biopharmaceuticals in Tokyo
<a href="#">Alfresa Pharma</a>	103	01/2024 until 04/2026	Pharmaceuticals plant in Gunma Prefecture: 1) Expansion of tablet production (small molecules) from 2 billion to 3.6 billion per year; 2) Plant for contract manufacturing of cancer drugs and hormones for up to 400 million tablets per year; 3) Storage, packaging and testing facilities
<a href="#">Nippon Ciba Geigy (Novartis)</a>	100	since 11/2023	Expansion of the production facilities for radioligands at the Sasayama plant in Hyogo Prefecture
Boehringer Ingelheim	71	2023 until 2025	Plant for the production of medicines, including for diabetes, in Higashine in Yamagata next to Boehringer's existing plant

\* Converted at the exchange rate of 2024: US\$ 1 = 151.59 yen

Source: Company information; research by Germany Trade & Invest 2025

**New medicines to enter the country faster**

Japan has traditionally had high prices for medicines. However, these have been repeatedly lowered in recent years. This has been exacerbated by the current weakness of the Japanese yen. As part of price changes since April 2024, the government wants to bring new medicines and innovations onto the Japanese market more strongly and ensure a stable supply of medicines, especially generics.

In return, new innovative drugs can receive higher prices at the time of launch on the Japanese market. In April 2025, the annual price reductions for medicines in yen were lower than in previous years. Fewer drugs were also affected, least of all new innovative drugs. In future, it may also be possible to approve alternatives for drugs that are in short supply more quickly in the country. Parliament will discuss proposals to this effect in April 2025. According to a survey by the Federation of Pharmaceutical Manufacturers' Association of Japan, 20 percent of medicines were in short supply in February 2025. For generics, the figure was as high as 26.4 percent.

### Incentives for a higher proportion of generic drugs

In order to keep healthcare costs in check, Japan is focusing on the use of more generic drugs. In April 2013, the government adopted the "Roadmap for further Promotion of Generic Drug Use". According to the MHLW, generics accounted for 86.6 percent of the total volume of pharmaceuticals used in September 2024. For the 2029 fiscal year (from April to March), the aim is to achieve a generics share of at least 80 percent in every prefecture.

A value-based target for the proportion of generics was already introduced in 2024. A target of at least 65% applies for the 2029 fiscal year. For comparison: in March 2024, the figure was 54.7 percent. In order to achieve the targets, Japan increased the co-payments in October 2024 that patients have to make if they choose the original medication despite the availability of generics. In November 2024, the proportion of generics rose to 90.6 percent in terms of volume.

### Industry structure and framework conditions

The major Japanese pharmaceutical companies include Takeda Pharmaceutical, Astellas Pharma, Daiichi Sankyo, Otsuka Holdings, Chugai Pharmaceutical, Eisai, Ono Pharmaceutical and Mitsubishi Tanabe Pharma. However, only Takeda is among the top 20 worldwide. The development activities of Japanese pharmaceutical companies are primarily focused on oncology. The government wants to promote biotechnology start-ups.

Major foreign suppliers of pharmaceuticals in Japan are Astra Zeneca, MSD, Janssen Pharma, Novartis, Pfizer, Bayer, Sanofi, Eli Lilly, Bristol Myers Squibb, Boehringer Ingelheim and Glaxo SmithKline.

### Sales of major Japanese pharmaceutical companies in 2024 1) (in billion US dollars; change from previous year in percent)

Company	2024	Change 2024/2023
Takeda Pharmaceutical	30.2	1.9
Astellas Pharma	12.3	12.2
Daiichi Sankyo	11.8	10.8
Otsuka Holdings	10.7	8.6
Chugai Pharmaceutical <sup>2)</sup>	7.7	-2.3
Eisai	5.2	-2.0

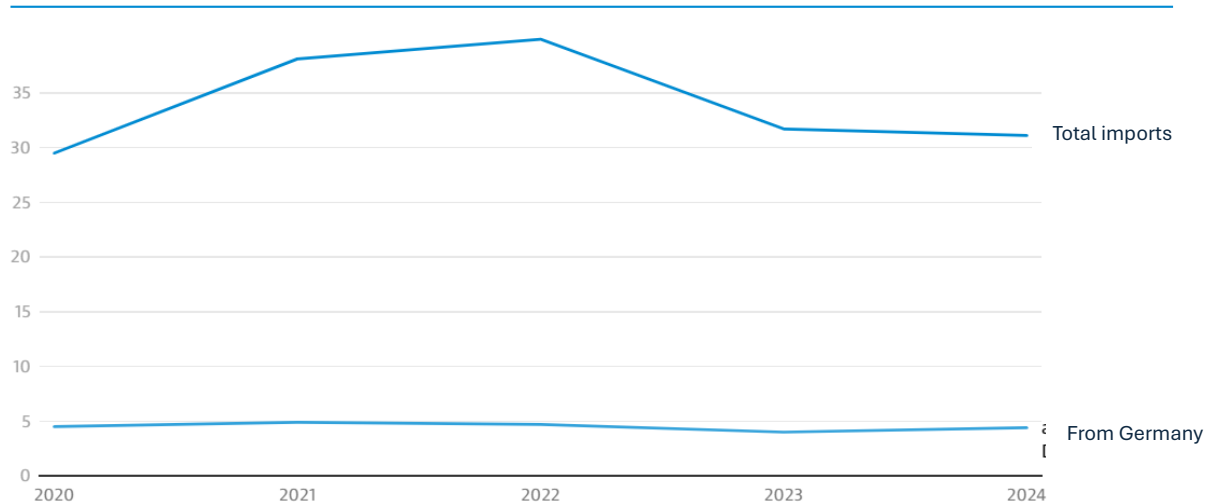
1) except for Chugai and Otsuka, calculated on the basis of quarterly results; conversion at exchange rate US\$ 1 = 151.6 yen;

2) The Swiss pharmaceutical company Roche owns 61% of the shares in Chugai

Source: Company information 2025; calculations by Germany Trade & Invest 2025

Japan's imports of pharmaceuticals fell by 1.9 percent in US\$ in 2024. The most important supplier countries of pharmaceuticals to Japan in 2024 were the USA, Germany, Ireland and Switzerland. Exports rose by 1.1 percent to US\$ 8.8 billion and went primarily to the USA, Switzerland and China.

### Imports of pharmaceutical products (in billions of US dollars)



SITC Group 54  
Source: UN Comtrade 2025

The import of pharmaceuticals to Japan is duty-free. The Pharmaceutical and Medical Devices Agency (PMDA) is responsible for the approval of pharmaceuticals. Further details can be found on the website of the Japan Pharmaceutical Manufacturers Association (JPMA). The most relevant trade fairs for the industry are Japan Life Science Week, Interphex Week and BioJapan.

## Cosmetics Industry

The outlook for Japan's cosmetics market in 2025 is good. However, growth is likely to be lower than in 2024. The market has been recovering since 2023.

According to the online platform Statista, Japan was the third-largest market for cosmetics worldwide in 2024. Positive factors for market development in Japan in 2025 are likely to be the increasing number of foreign tourists and a slightly higher presence in the office than in the previous year. These developments are likely to more than compensate for negative factors such as the decline in population in 2025.

The Japanese cosmetics group Kao expects sales of cosmetics in Japan to increase by 2.7 percent in Japanese yen in the 2025 fiscal year (April to March of the following year) compared to 2024. Global sales revenues are expected to grow by 4.5 percent. For the calendar year 2025, Shiseido expects sales in yen to be 0.4 percent higher than in 2024. Kosé is aiming for 3.9 percent higher sales in yen in 2025 than in the previous year. However, these growth rates are lower than those expected by the companies for 2024 at the beginning of 2024.

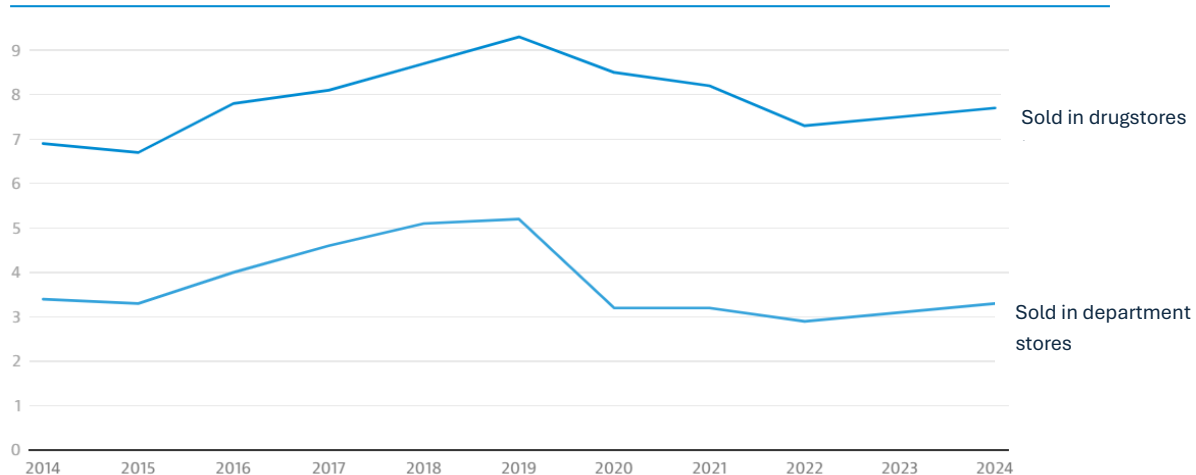
### Market grows for second year in a row

In 2023, the Japanese cosmetics market developed positively after the end of the pandemic-related restrictions. This trend continued in 2024. The increasing return to the office and more foreign tourists outweighed the depreciation of the Japanese yen against the US dollar (US\$).

Sales of cosmetics in drugstores and department stores rose by 2.8 percent and 5.6 percent respectively in US dollars in 2024. Department stores are once again likely to have benefited primarily from the influx of foreign tourists. However, sales have not yet reached their pre-coronavirus highs. Other important sales channels for cosmetics are e-commerce, discount stores and pharmacies.



### Sales of cosmetics on the rise again (sales in billions of US dollars\*)

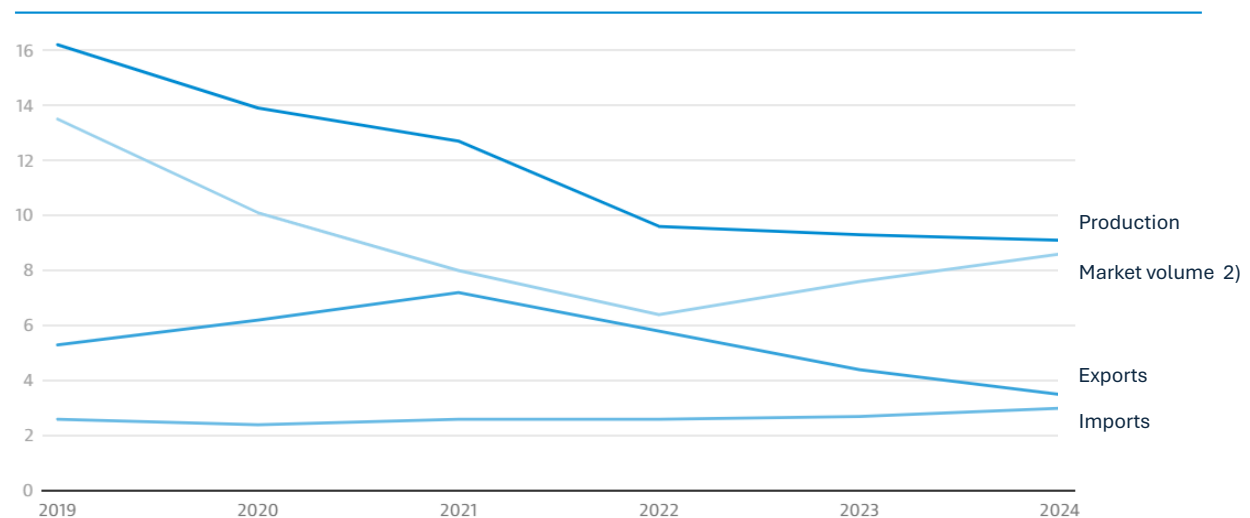


\* Conversion at the respective annual average exchange rate.

Source: Japan Department Stores Association 2025; Ministry of Economy, Trade and Industry (METI) 2025; calculations by Germany Trade & Invest 2025

In 2024, the production of cosmetics in Japan increased in yen terms. When converted into US dollars, there was a decline. However, as exports fell sharply and imports increased, the market volume at cost prices grew significantly again in 2024.

### Market for cosmetics in Japan is recovering (market volume at cost price in billions of US dollars) <sup>1)</sup>



1) Conversion at the respective annual average exchange rate; some figures are provisional;

2) Market volume = production minus exports plus imports.

Source: METI 2025; UN Comtrade 2025; calculations by Germany Trade & Invest 2025

### Functional cosmetics are enjoying increasing demand

Skin care products are by far the largest segment of the Japanese cosmetics market. Demand is particularly strong for anti-ageing, brightening and moisturizing products. Market researcher Fuji Keizai expects growth in yen terms of 4.7 percent to around US\$ 3.8 billion for main care products with anti-ageing effects in 2025. On the one hand, the middle-aged and elderly population is growing. On the other hand, Fuji Keizai expects young people to start using skin care products earlier. It forecasts particularly strong growth for high-priced products with a strong anti-ageing effect. For moisturizing base make-up, the market researcher expects an increase of 11.6 percent to US\$ 1.4 billion in yen terms by 2025. At the same time, it expects sun protection products to grow by 8.8 percent to around US\$ 422 million.

Consumers have very high quality expectations, which also extend to the packaging. They follow fashion trends and are open to new products. In view of the ageing population, products with positive health effects are becoming increasingly important. At the same time, buyers are paying more attention to price as a result of stagnating incomes in real terms in recent years. In an international comparison, Japanese consumers demand very little perfume and scented water.

The production of cosmetics increased in all segments in yen terms. Due to the depreciation of the Yen, however, there was a decline in US dollars in all major segments.

#### Production value of cosmetics in Japan falls in US dollars \* (in millions of US dollars, percentage change compared to the previous year)

	2023	2024	Change
Skin care products	4.039	4.035	-0,1%
Hair care products	2.590	2.436	-5,9%
Make-up	1.922	1.894	-1,4%
Other cosmetics	650	640	-1,4%
Perfume /fragrant waters	64	62	-2,8%
<b>Total</b>	<b>9.264</b>	<b>9.067</b>	<b>-2,1%</b>

\* Conversion at exchange rate 1 US\$ = 140.6 yen (2023) and 1 US\$ = 151.6 yen (2024).

Source: METI 2025; calculations by Germany Trade & Invest 2025

On balance, the volumes produced also fell. The skin care segment, which had grown in the previous year, was particularly affected. There was also a decline in perfume and scented water. Production volumes rose in all other major categories.

#### Production volume of cosmetics in Japan decreases \* (in tons, change compared to previous year in percent)

	2023	2024	Change
Skin care products	125.688	116.278	-7,5%
Hair care products	234.466	235.592	0,5%
Make-up	4.586	4.707	2,6%
Other cosmetics	29.517	30.603	3,7%
Perfume / fragrant waters	143	130	-9,2%
<b>Total</b>	<b>394.401</b>	<b>387.311</b>	<b>-1,8%</b>

\* Deviation in totals due to rounding.

Source: METI 2025; calculations by Germany Trade & Invest 2025

#### Kosé builds new plant

Major suppliers of cosmetics in Japan include Shiseido, Kao, Kosé, Procter & Gamble, Pola Orbis, Fine Today, Unilever, L'Oreal, Mandom and Fancil. Others include Hoya, Noevir, Milbon, Lion and DHC. Beiersdorf is one of the German companies represented.

Kosé is building a new plant for skin care products in Yamanashi Prefecture for up to US\$ 200 million. Kosé plans to invest a further US\$ 130 million to US\$ 165 million between 2025 and 2030 in the modernization of facilities at its plants in Sayama (Saitama Prefecture) and Isesaki (Gunma Prefecture). It also plans to invest around US\$ 400 million in acquisitions between 2025 and 2030. At the end of 2024, Kosé took over the Thai cosmetics company Puri, which had a turnover of around US\$ 17 million in 2023.

Shiseido posted losses in 2024. The Group is pressing ahead with restructuring and wants to focus on strategic investments. In 2023, Shiseido acquired Dr. Dennis Gross Skincare in the USA. Kao acquired the Australian sunscreen producer Bondi Sands in the same year.

#### Selected investment projects by Japanese companies in cosmetics (investment sums in millions of US dollars)

Player	Total *	Period	Remarks
Kosé	165 to 198	07/2024 until 02/2026	Construction of a plant for skin care products in Minami Alps in Yamanashi Prefecture
Kosé	130 to 165	2025 until 2030	Modernization of facilities at the plants in Sayama (Saitama Prefecture) and Isesaki (Gunma Prefecture)
Kirin	960	06/2024 until 09/2025	Increase in the stake in Fandl, a manufacturer of cosmetics and food supplements, from 32.5 percent to 75.2 percent
Kosé	approx. 70	1/2024	Acquisition of 79.8 percent of the voting shares in the Thai cosmetics manufacturer Puri

\* converted at the 2024 exchange rate: US\$ 1 = 151.6 yen.

Source: Company information 2024, 2025

#### South Korea expands its position as the most important supplier country

Imports of cosmetics rose by 9.4 percent in 2024 compared to the previous year. They even increased by 29.3 percent from South Korea and by 10.6 percent from France. According to a survey by Fuji Keizai, young Japanese in particular are buying cosmetics from South Korea.

#### South Korea and France are the most important supplier countries \* (Imports of cosmetics in millions of US dollars; supplier country per 2024)

Product	2023	2024	Supplier country 1	Supplier country 2	Germany
Skin care products	1.074	1.206	 South Korea 504	 France 331	14
Make-up	516	601	 South Korea 236	 France 143	4
Hair care products	422	395	 Thailand 174	 France 38	4
Perfume / fragrant waters	279	314	 France 202	 Italy 24	1
Other cosmetics	437	470	 China 194	 South Korea 123	8
<b>Total</b>	<b>2.729</b>	<b>2.986</b>	 <b>South Korea 894</b>	 <b>France 720</b>	<b>30</b>

\* Deviation in totals due to rounding.

Source: UN Comtrade 2025; calculations by Germany Trade & Invest 2025

#### Exports to China, Hong Kong and South Korea slump

Japan's exports of cosmetics fell by 20.6 percent in 2024 compared to the previous year. The most important customer, China, bought 25.6 percent less. Deliveries to Hong Kong, Singapore and South Korea also fell by more than 25 percent each. In contrast, exports to France and the USA increased.

### Exports of cosmetics go primarily to China \* (exports in millions of US dollars; customer country per 2024)

Product	2023	2024	Buyer 1	Buyer 2	Germany
Skin care products	3.181	2.416	 China 1.158	 Singapur 326	35
Decorative cosmetics	452	378	 China 138	 Hongkong 60	10
Hair care products	480	466	 China 204	 Hongkong 56	0
Perfume / fragrant waters	4	4	 China 2	 Taiwan 1	0
Other cosmetics	232	190	 China 89	 Hongkong 22	1
<b>Total</b>	<b>4.350</b>	<b>3.455</b>	 <b>China 1.591</b>	 <b>Hongkong 437</b>	<b>46</b>

\* Deviation in totals due to rounding.

Source: UN Comtrade 2025; calculations by Germany Trade & Invest 2025

The Ministry of Health, Labor and Welfare is responsible for the approval of cosmetic products in Japan. Since the free trade agreement between the EU and Japan came into force in 2019, cosmetics originating in the EU can be imported into Japan duty-free. Further information on the import and approval of foreign cosmetics in Japan can be found in a handbook from the EU Center for Industrial Cooperation.

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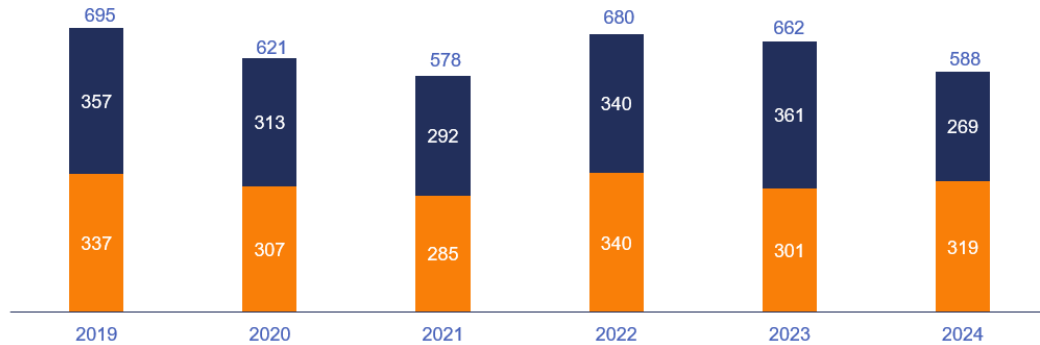
## GLOBAL EXPORTS

## Food Processing and Packaging Machinery to Japan

In million euros

■ Food Processing Machinery ■ Packaging Machinery

2024/2023: -11.2 %



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

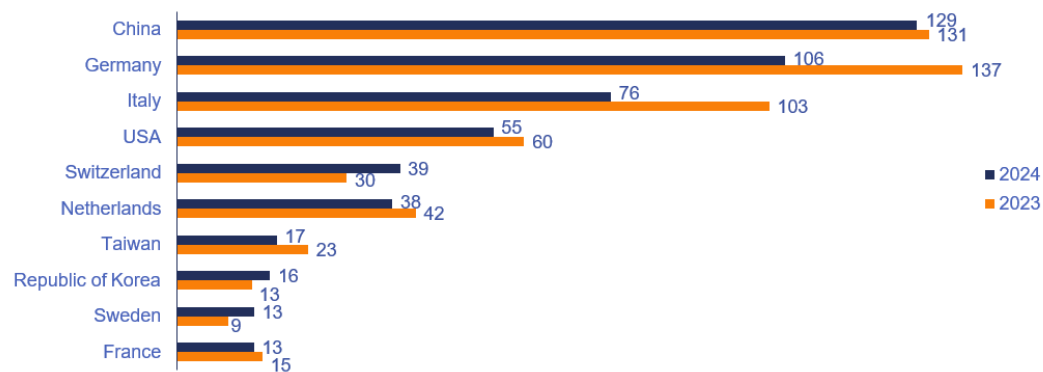
July 2025 2

## GLOBAL EXPORTS

Food Processing and Packaging Machinery to Japan  
TOP 10 Supplier Countries

Export 2024: 588 million euros, -11.2 %

In million euros



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

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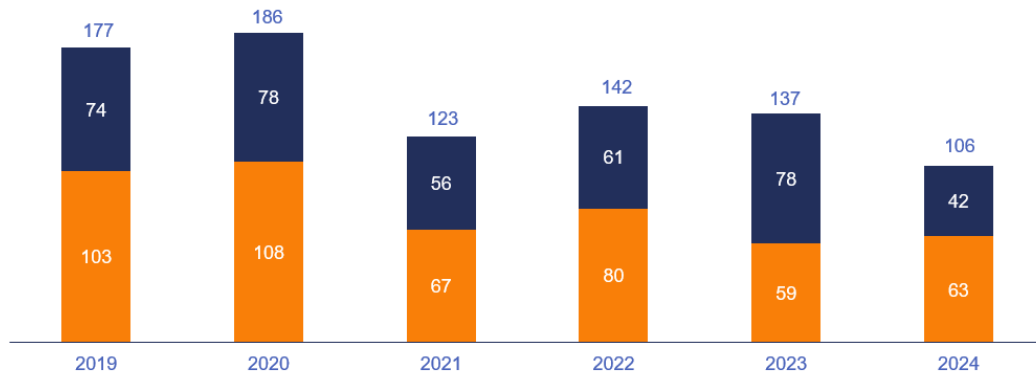
## GERMAN EXPORTS

## Food Processing and Packaging Machinery to Japan

In million euros

■ Food Processing Machinery ■ Packaging Machinery

2024/2023: -22.6 %



Food Processing and Packaging Machinery

Source: National Statistical Offices, VDMA

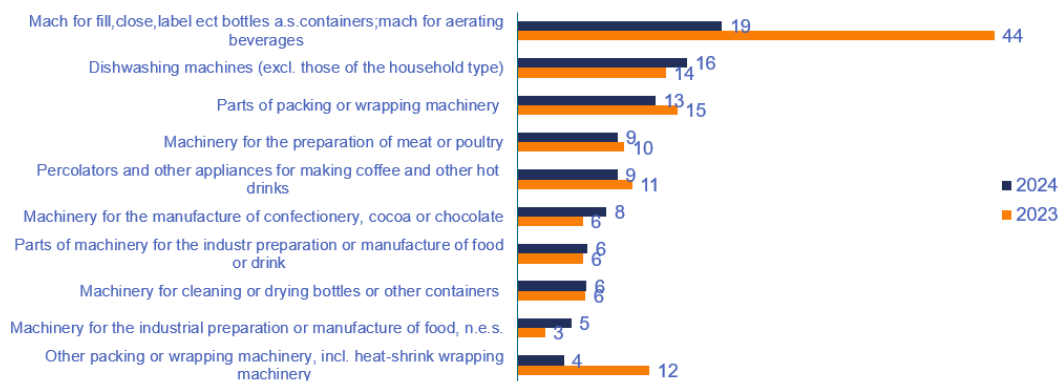
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## GERMAN EXPORTS

## Food Processing and Packaging Machinery to Japan

Exports 2024: 106 million euros, -22.6 %

in million euro



Food Processing and Packaging Machinery

Source: National Statistical Offices, VDMA

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