Enhancing Foods with Function Claim system for MSME business

APEC Seminar on partnerships between companies and rural areas for sustainable development of agriculture in Asia-Pacific Region

August 21st, 2019

Puerto Varas, Chile

Masafumi Hashimoto
Representative Director at Kemin Japan K.K.
Chairman at JAOHFA (Japan Alliance of Health Food Associations
THIS IS KEMIN

• Founded in 1961 by R.W. and Mary Nelson
• Family owned and operated
• More than 500 patents and applications
• Annual revenue exceeds $900 million
• Transforming 80% of the world’s population every day with our products and services
### Outline of Japan Alliance of Health Food Associations

- Established as an alliance of 8 industry associations in 2009
- Registered as a General Incorporated Association in 2016
- Aims to aid responsible growth of the industry
- Regular exchange of information with Japanese Government

<table>
<thead>
<tr>
<th>Major Association Members</th>
<th>No. of Members</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Food Forum</td>
<td>45</td>
<td>Large Food Companies</td>
</tr>
<tr>
<td>Pharmaceutical Health Food Study Group</td>
<td>25</td>
<td>Pharmaceutical Companies</td>
</tr>
<tr>
<td>Association of International Foods and Nutrition</td>
<td>62</td>
<td>International Harmonization</td>
</tr>
<tr>
<td>CRN・JAPAN</td>
<td>120</td>
<td>Ingredient &amp; Contract Manufacturers</td>
</tr>
<tr>
<td>Supplement Executive Committee</td>
<td>44</td>
<td>Regulatory Systems for Health Foods</td>
</tr>
<tr>
<td>Japan Natural Health Food Association</td>
<td>309</td>
<td>Natural Food Sellers</td>
</tr>
<tr>
<td>Japan Health and Nutrition Food Association</td>
<td>690</td>
<td>Public Interest Incorporated Foundation, GMP, Various Services</td>
</tr>
</tbody>
</table>

(as of May 2019)
US and Japan Health Food Market Change in 20 years

1. Health Food Market in Japan
   - Market doubled every 10 yrs
   - 3 fold in first 10 yrs, stagnat in last 10 yrs

2. US DS Market
   - Market doubled every 10 yrs

3. Market Comparison (Unit: USD100 billion)

<table>
<thead>
<tr>
<th></th>
<th>1994</th>
<th>2004</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>US (Dietary Supplement)</td>
<td>0.9</td>
<td>2.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Japan (Health Food)</td>
<td>0.6</td>
<td>1.8</td>
<td>1.8</td>
</tr>
</tbody>
</table>
Medical Care Expenses Forecast in Japan

<table>
<thead>
<tr>
<th>Year</th>
<th>Medical Cost</th>
<th>2000</th>
<th>2015</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care Cost</td>
<td></td>
<td>4</td>
<td>10</td>
<td>20</td>
</tr>
</tbody>
</table>

How can our industry contribute to reduce these costs?

View of Next Generation Health Care Industry Committee at METI (Ministry of Economy, Trade and Industry)

- **Shift from Chronic Care to Prevention and Health Management**
- **Utilization of Private Sector and National Insurance**
- **National Insurance Only**

NCD Related Chronic Care Medical Costs 100 Billion USD
Reduce by Shifting to Prevention And Health Management

「ピコシムのブログ」2016/9/14から引用；Unit : 100 billion
Evolution of Aging in Japan and World

- Japan is high in elderly rate but absolute number is serious in overseas
- Japan’s current challenge is global challenge in the future
  → Japan’s success model may contribute for global situation in the future

UN, World Population Prospects: The 2008 Revision
Super Aging Society *
\[ \downarrow \]
Healthy Life Expectancy **
\[ \downarrow \]
Promotion of value added foods for health is important

Foods contain functionality for health
\[ \downarrow \]
Low Awareness and Use
\[ \downarrow \]
FFC system is a good promotion tool
Gap Between Average LE and Healthy LE is narrowing

Foods can contribute to help narrow the gap

http://www.soumu.go.jp/main_content/000521333.pdf
3 categories of health foods that can make function claims

**FOSHU Approval Process**
- Approved items: 1067 (27 years)
- Products on sales: 366
  - As of September 27, 2016

**So-called Health Foods**
- Oligo Saccharide Xylitol etc
  - (1991~)

**Foods with Function Claims Advance Notification**
- With Corporate Liability
  - 保健の機能の表示ができる（例）おなかの調子を整えます。
  - Accepted items: 1870 (4 years)
  - (2015~)

**Food with Nutrient Function Claim**
- No Approval or Notification
  - Vitamins, Minerals
  - (2001~)
  - (As of May 17, 2019)
FFC Accepted Notification Items By Platform

2019年7月8日時点
Yoshinoya FFC Beef Bowl with Salacia

Function Claim:

This product contains Salacinol derived from Salacia. Salacinol is reported to reduce absorption of sugar from diet and moderate the rise of postprandial blood glucose level.
Tsugaru Hirosaki Farmers' Cooperative

Function Claim:

Procyanidin derived from apple is reported to reduce visceral fat

http://www.ja-tu-hirosaki.jp/publics/index/329/
Nihon Yamamura Glass

Business Transformation with new engineering

From Glass to Green Vegetable!

High Performance LED light is used to grow vegetables

Function Claim:
This Kale contains lutein. Lutein is reported to protect eyes from photo stress by increasing macular pigment

https://www.yamamura.co.jp/kirakiravege/station/index.html
Salad Cosmo  FFC Bean Sprout from small soy beans

From Commodity to Value Added Product

Soy isoflavone is reported to help bone health by maintaining bone components
Collaborative research on the analysis for functional substances

https://www.kyoto-np.co.jp/economy/article/20190802000116/1
- JAOHFA is covering processed foods but not agricultural products so well.
- Food service, restaurants, retailer, wholesale need to be covered.
ASEAN’s Effort for Harmonization on Traditional Medicines and Health Supplements

In support of the free flow of traditional medicines and health supplements in the ASEAN region.

Reducing the differences in national standards, technical regulations, and conformity assessment procedures that assure the safety, quality, efficacy and claimed benefits.

Chinese Taipei Japan Health Food Industry Joint Seminar August 2019

JAOHFA (Japan Alliance of Health Food Associations), AIFN (Association of International Food and Nutrition)
Chinese Taipei-Japan Industrial Collaboration Promotion Office (TJPO)
Chinese Taipei Functional Food Industry Association (TFIA)
7 Benefits of FFC Products for MMSE

1. Contribute to improve Quality of Life for people in aging society
2. By using systematic review for substantiation, no human clinical study is needed for function claim
3. Enable to change commoditized agricultural products to value added product
4. Appeal new innovation
5. Higher ROI than FOSHU type products
6. Potential global reach by unique function
7. Able to obtain local government support
Thank You!