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GAIN Report

Global Agricultural Information Network

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Post: Osaka ATO

Trade Lead System Success Story from Japan – Walnuts

Report Categories:

Export Accomplishments - Trade Leads

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Report Highlights:

The Trade Leads System (TLS) facilitated another successful business deal involving California walnuts. The importer, K. Kobayashi & Co., Ltd., Kobe, linked up with a California walnut supplier through the system. Their first order, valued at approximately \$120,000, arrived in Japan in March 2012.

General Information:**The Importer and its request:**

K. Kobayashi & Co., Ltd. is a food importer based in Kobe, Japan. The company was established in 1883, and its main business is the import and distribution of food products, mainly spices and nuts to manufacturers and wholesalers in Japan <http://www.k-kobayashi.com/english/>. Kobayashi had been looking for a new supplier of walnuts for some time due to tight supply from its current supplier from the U.S.

The Trade Lead System:

The trade lead system is a computerized business match making system, linking all the 50 State Departments of Agriculture in the United States with Foreign Agricultural Service (FAS) Posts around the globe. The FAS posts place inquiries for U.S. agricultural products sent by importers into the system, to which State Agricultural Offices respond with a list of exporters. The TLS system was created by National Association of State Departments of Agriculture (NASDA) and is managed by New Media Solutions Inc.

The Process:

The walnut trade lead was placed in TLS in February 2010. About 60 suppliers were listed in the system by the state agricultural offices. ATO Osaka sent the trade lead to all the suppliers on the list.

At the beginning of May 2010, ATO Osaka office received a reply from one of the walnut suppliers on the list and forwarded the contact information to the Japanese importer. The importer began communicating with the supplier. However, the importer later learned that the supplier had an existing business partner in Japan who prohibited the supplier from engaging in other business in Japan. Therefore, the importer came back to ATO Osaka requesting more supplier information.

In July 2010, ATO Osaka re-sent the trade lead to all the suppliers on the list to encourage response. ATO soon received a reply from a trading company on the list, but the importer preferred a packer and did not get interested in business with the company. In September, 2010, there was a reply from a supplier of organic walnuts. However, the importer was not interested in organic products, either.

In August, 2011, a grower/packer of walnut in California responded to the trade lead. ATO Osaka introduced the U.S. supplier to the importer. The importer contacted the supplier and started talking about terms of their business.

In February, 2012, ATO Osaka was informed by the importer that they made a business deal with this supplier and their first shipment was to arrive at the end of March 2012.

Issues to be considered for further TLS success in the future:

Suggestion 1: While TLS is an excellent tool to match importers with exporters, ATO Japan believes there would be more success if supplier response was more robust. In this walnut case, for example, only 5 suppliers out of the 58 listed in the system responded. ATO believes that many suppliers are not aware of the system or do not understand the framework of the system. One solution would be increased communication by the State Departments of Agriculture to their exporters explaining the system.

Suggestion 2: Include exporter websites in the system. ATO believes that it would be helpful for all the suppliers to have their websites registered in the system. The TLS is a web-based trade matching system, and importers usually request supplier information, including their website, to learn more about the suppliers before contacting them.

Conclusion:

The first order, as a trial, made by K. Kobayashi & Co., Ltd was worth about \$120,000*. If things go well, they are planning to expand their business with this supplier and increase their order quantity for the next crop season. The importer was satisfied with this result and placed additional trade leads in the system.

* The exchange rate of \$1=83.05 yen, the average exchange rate in March 2012 is used as the conversion rate.