



## WUSATA Japan Monthly Report

August 2022

### Executive Summary

According to the Japanese Finance Ministry, in August 2022 Japan posted a record 2.82 trillion yen (\$19.7 billion) trade deficit after higher energy prices and a sharp drop in the yen pushed the value of imports to their highest-ever level. The country's trade deficit has been widening recently and August marked the 13th straight month of red ink, underlining the impact resource scarcity and heavy dependence on imports have on Japan. The yen has fallen sharply in recent months. It was down 22.9 percent from a year earlier at 135.08 versus the U.S. dollar in August. Japanese economy will continue growing in the July-September quarter as the impact of the COVID-19 pandemic wanes, but its pace will likely slow as domestic demand remains weak and accelerating inflation hits households. Wholesale prices in Japan climbed 9.0 percent in August from a year earlier as the yen's tumble against the U.S. dollar and other major currencies boosted import costs.

Japanese government is likely to resume visa waiver program for those 68 nations through business truck by late October. This may bring about relief to the Japanese staggering domestic economy as in 2021, only 245,900 foreign visitors entered Japan. It was the lowest figure since comparable data became available in 1964, delivering a significant blow to the nation's travel industry which had been heavily reliant on inbound tourists before the pandemic began in early 2020. Japan is aiming to remove its cap on daily arrivals by the end of October, government sources said Monday, as it looks to revive the world's third-largest economy hit hard by the absence of tourists amid the coronavirus pandemic. Japanese Kishida's administration, facing pressure from business circles to loosen strict COVID-19 travel regulations, is likely to judge how to ease its border control measures quite soon. Japan has drawn criticism at home and abroad for failing to keep pace with other Group of Seven major industrialized nations, including Britain, France and the United States, in opening its borders, as well as requiring those who do visit to obtain visas and asking them to wear masks at all times during their trip. As Japan's economy has shown few signs of a robust recovery, Kishida administration has been trying to accelerate growth by inviting more foreign visitors, who now stand to benefit from the Japanese yen's rapid depreciation.

### Market Intelligence Update:

Japanese food market watchers predict the price hikes by businesses may last in the long term, with consumers struggling to keep up with the rising cost of living as wages remain stagnant. Import prices in yen terms grew 42.5 percent, the fifth consecutive month that the margin of increase has surpassed 40 percent. Electricity, city gas and water prices surged 33.4 percent, while those of petroleum and coal products increased 15.6 percent. Steel prices rose 26.1 percent, and wood and lumber rose 20.2 percent. Japan has seen core consumer prices rise above the BOJ's target of 2 percent since April, not because consumers increased volume of the purchase but because simply they had to pay for the higher prices of the daily goods including food. While export-oriented businesses, which have benefited from the weak yen, are under pressure to raise wages, the adverse effects of surging procurement costs may limit the change.

Japanese MAFF announced late this August that pass rate of the major commodities in the Japanese central wholesale market nationwide decreased considerably, reflecting the reality in the past three decades as Japan has lost more arable lands for local agricultural products plus much less landing of commodity fish. It contributed to open Japanese market wider to the imported products which have replaced good positions with the Japanese traditional of diet and food consumption patterns. As already known well, large GMS and supermarket chains have made direct deals with the producers and importers, pushing the local papa-mama-shops and the players in the central wholesale markets away from the food distribution scenes. According to the MAFF's report, pass rate of seafood in the central wholesale markets nationwide showed considerable drop;



**USDA Japan released the following reports in August 2022 relevant to the US food and beverage export to Japan**  
**2022.08.18 Stone Fruit Annual Report**

[https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Stone%20Fruit%20Annual\\_Tokyo\\_Japan\\_JA2022-0062.pdf](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Stone%20Fruit%20Annual_Tokyo_Japan_JA2022-0062.pdf)

Japan’s stone fruit consumption has remained steady during the COVID-19 pandemic, as domestic production continues to determine the availability of cherries and peaches. In MY 2021/22, frost damage diminished cherry production, while favorable weather boosted peach and nectarine harvest. Post estimates Japan’s MY 2022/23 cherry production recovered and peach production increased further. Japan’s nectarine imports remain stagnant, while imports of U.S. sweet cherries plummet due to increased import price of U.S. cherries.

**2022.08.22 Japan Sets New 2030 Target for Green Food System Strategy**

[https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Japan%20Enacts%20Legislation%20to%20Support%20Green%20Food%20System%20Strategy\\_Tokyo\\_Japan\\_JA2022-0059.pdf](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Japan%20Enacts%20Legislation%20to%20Support%20Green%20Food%20System%20Strategy_Tokyo_Japan_JA2022-0059.pdf)

The Ministry of Agriculture, Forestry, and Fisheries released 2030 targets for its “Green Food System Strategy,” including a 10.6 percent reduction in carbon dioxide emissions, a 20 percent reduction in use of chemical fertilizers, and a 10 percent reduction in use of chemical pesticides. MAFF previously set both 2030 and 2050 targets for other key performance indicators, including electrification of agricultural equipment, expansion of organic production, and consideration of sustainability for imported food and agricultural products.

**2022.08.22 Japan proposes to streamline GI application process**

[https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Japan%20Proposes%20to%20Streamline%20GI%20Application%20Process\\_Tokyo\\_Japan\\_JA2022-0064](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Japan%20Proposes%20to%20Streamline%20GI%20Application%20Process_Tokyo_Japan_JA2022-0064)

Japan’s Ministry of Agriculture, Forestry, and Fisheries proposed to revise the Geographical Indication (GI) Act to boost exports of GI-protected processed foods. Comment period ends on September 1, 2022.



