

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-mamashops 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; August 2022 WUSATA Japan Contractor's Monthly Report

74.6% in 1988 vs. 46.5% in 2021. Someday in the near future, there may be no more tuna auctions in Toyosu Tokyo Central Wholesale Market as all of the successful sushi restaurant chains procure seafood ingredients outside the auction system of the central wholesale markets

Fresh produce central wholesale market recovered its handling volume in 2021 with 6% growth, compared with that in 2020. It showed more Japanese consumers bought fresh fruits and vegetables as healthy food for home consumption under the pandemic. However if compared with 1988, the fresh produce central wholesale market nationwide reduced its handling volume by nearly 40%, while unit price per kg for the fruits particularly kept rising. In 2021 total imported fruits reached by volume 1.7 million metric tons out of which the bananas held bout 1 million metric tons. This year in the past 8 months, due to price/cost surge plus extremely weak Japanese Yen deprived the Japanese importers of procurement & buying power. To increase more production ability and supply volume in the market is one thing. But in the coming post-COVID era more coordinated approach by the players in the entire supply chain seeking for fair price and optimal volume will be essential to satisfy actual market needs per their optimal size. Food supply and distribution will be driven by marketing efforts of the trade as consumer education and communication for locating and taking good food has to be done consistently as the consumers' food buying patterns may be dramatically changed in the coming years.

Retail Sector Japanese Ministry of Economy, Trade and Industry recently released its report on 2021 Consumer E-commerce expenditure, showing the sales growth of food, beverage and hard drinks categories grew by 14% vs. 2020, and 38.2% compared with that of 2019. Still e-commercialized food and drink sales ratio is 3.8% in the entire e-commerce market. METI expert analyzed the Japanese B-to-C=EC market will expand more, driven by the digitally transformed retail store platforms as cashless payment via QR code and smartphone apps will become farther popular and friendly-to-all generations. On the other hand, according to the Japan Chain Store one in the same month of 2021. In average, fresh fruits and vegetables were stagnant due to short supply and higher price while deli and prepared meals marked 3% more sales. In the consumption ends, on-line recipe downloaded numbers kept dropping since the year end of 2020, indicating general consumers have become tired of staying and cooking home meals from scratch for their limited repertoire. Other than everyone putting on masks, the Japanese daily lives look like quite normal now particularly after prime minister Kishida declared he would not impose any more movement restrictions against his nation even though the number of omicron infection cases would stay high.

Foodservice Sector Heavily impacted by the pandemic, Japanese foodservice industry continues to be in downhill. For instance, major top 16 family-style restaurant chains counted their outlets in June 2022 as 8,420, showing almost 10% decrease compared with the number of outlets in December of 2019. Some of the major multiple brand/style restaurant chain operators have shifted the force inside the corporations from the waning family-style to the stronger hamburger and/or hot snacks fast food restaurant operations. In general, Japanese 'Izakaya' style pub restaurant are looked to be declining in coming years as Japanese mainstream consumers have found home consumption of variety of soft/hard drinks and convenient/tasty delis/hot meals more reasonable, fun and easily available via digital platform such as convenient stores/supermarket on-line sites in their vicinity. It may be a catch-22 as Izakaya and cafe restaurants are promoting non-contact services over the counters, customers are not going to have fun and satisfaction through the services by and even casual conversations with masters, sommeliers, chefs and waitstaff. If no one would come to serve you with smile and attractive menu sheets in hand to your table in the restaurant, would you rather go and pay higher rate to the food and beverages served by robots or would you rather go home early and enjoy meals and drinking with your family? People will continue to look for pleasure and good feeling through food consumption from the point of socio-cultural view. In collaboration with the other sectors Japanese food service industry is expected to create new values, styles and meanings of eating healthy, delicious and sustainable food along with new venues or emotional tour to connect them both to the local and to the international communities.



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

 $https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Stone\%20Fruit\%20Annual_Tokyo_Japan_JA2022-0062.pdf$

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

 $https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Japan\%20Enacts\%20Legislation\%20to\%20Support\%20Green\%20Food\%20System\%20Strategy_Tokyo_Japan_JA2022-0059.pdf$

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

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.





















- 未来に残そう! 美しい海と渚-





公共MEEEA 海と渚環境美化・油園対策機構 第2000年8月2-31-34 第201-300-3130 AX 93-3000-3131

