



# WUSATA Japan Monthly Report

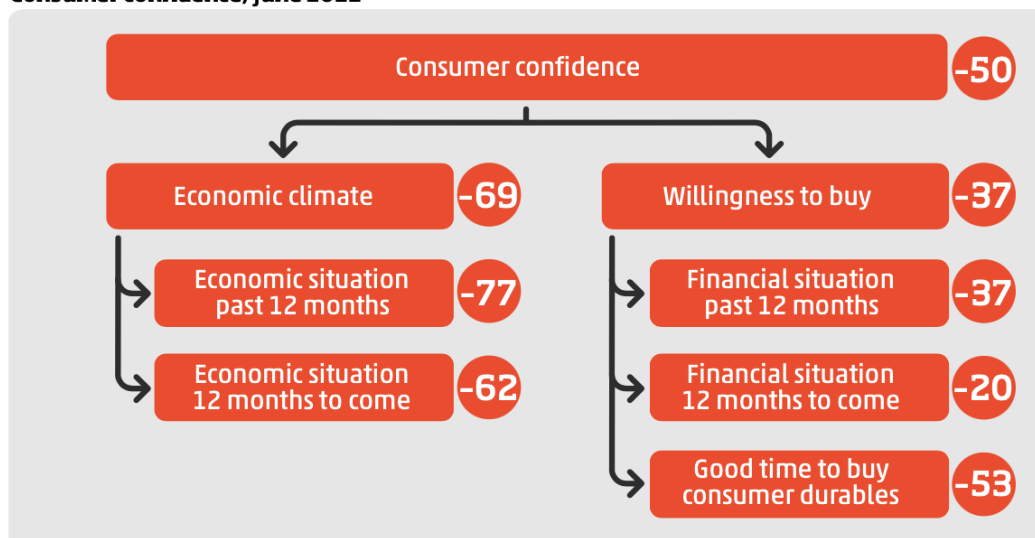
June 2022

## Executive Summary

Japanese famous rainy season dried up in record-fastest way as a historic June heat wave caused more than 15,000 people heatstroke or heat exhaustion, a record high for the month, according to preliminary government data. Like the temperature, the consumer goods prices also heated up so the people's confidence has dropped to an all-time low while further consumer price hiked from mayonnaise to gas, 8,000 items to cost more. Edible oil and mayonnaise prices have increased more than 10% since early 2021, the cost of instant noodles, ice cream, seasonings and other foodstuffs will continue their steady rise starting this June 1. Retail price hikes are slower than in the U.S. and Europe, but consumer appetite for spending may weaken if prices continue to rise while wages stagnate.

The consumer confidence indicator dropped in minus zone, meaning the national sentiment about the economy has hardly changed, but willingness to buy has decreased. Consumers are gloomier about the economic situation in the next twelve months, but slightly less negative about the economy over the past twelve months. Consumers are more pessimistic about both their financial situation in the next twelve months and their financial situation in the past twelve months than they were in May. They also find the time for making large purchases more unfavourable than in the previous month. Never before have consumers been so negative about this as in June 2022.

Consumer confidence, June 2022



As the government is becoming increasingly concerned about a rise in COVID-19 cases across the country, there are growing doubts about the start of a nationwide travel subsidy program in early July as initially planned. Prime Minister Kishida is likely to wait until after Sunday's Upper House election before deciding whether to launch a new tourism promotion campaign. The pace of increase in new cases is accelerating, and the number of hospitalized patients has more than doubled in half a month. Tokyo Governor Koike expressed alarm at the development as “the cases are increasing in a surprising manner” and indicated the 7<sup>th</sup> wave in the metropolitan area would arrive soon.

## Market Intelligence Update:

The price increases will continue through July and the foreseeable future. Yamazaki Baking, Japan's top baking company, will hike sweet bun and bread prices in July for the second time this year, while breweries and soft drink makers will bump up shipment and delivery prices. Food makers increased prices on 3,615 products already this June. In 2022, prices on more than 8,000 products are set to increase by an average of 12% year on year. Japan's core consumer price index, which excludes fresh food items due to their volatile price fluctuations, climbed 2.1% in April from a year earlier, hitting the 2% mark for the first time since March 2015. But the rise is smaller than the domestic corporate goods price index, which jumped 10% in April according to the Bank of Japan. In fact, price hikes announced by food makers still have not been implemented for many products. The Japanese economy is still recovering from the impact of COVID-19, with demand less than supply. This has spared consumers from the full impact of higher global materials costs, which companies are mostly absorbing. Higher materials costs cannot be passed on to consumers as smoothly as in the rest of the western countries where demand exceeds supply. As suggested by a 5.2% year-on-year product price hike implemented in the January-March quarter by Nestle of Switzerland, the world's largest food company, price increases appear somewhat more palatable to U.S. and European consumers, who continue to see their wages rise. In the absence of high wage growth in Japan, consumer sentiment weakens when prices climb. Expenditures on energy and food cannot be readily cut because they are essential to life so spending on consumption such as leisure and clothing may be squeezed down the road.

**Retail Sector:** In May to mid-June, supermarket chain stores had more sales not because the consumers bought more but the growth contained the inflation as they had to spend more for the increased price tags. Retailers have become cautious about raising prices if they feel consumers would prefer to save rather than spend. Goods and services in Japan will also become costlier from this month. Electricity and gas rates will increase against the backdrop of higher resource prices, while international flight tickets will become more expensive. Tokyo Electric Power Co. Holdings (TEPCO) will hike its monthly power rate for an average family---TEPCO will be joined by four others in jacking up electricity fees.

**Foodservice Sector:** Restaurant operators also raised the prices in June. Yudetaro System, operator of the Yudetaro soba restaurant chain, will raise prices on some dishes by 20 yen, or 5.6%. House Foods Corp's Curry House Coco Ichibanya restaurant chain also pushed up the prices of curry dishes and toppings. Even after all the curfews were lifted nationwide before the Golden Week holidays had started, general people didn't spend as much as having been expected for dining and drinking out for evening hours. In the HRI sector, still the lack of manpower both in the kitchens and 'halls' remained to be a problem. Now in addition to those major restaurant chain operators who have successfully introduced non-contact services in the hall and cashier counter; the automatic cooking with no chefs in the kitchen may be a vogue some day in the near future---only by those who can afford introducing such system of course.

**PRONTO, DX transformer and vanguard in the café bar restaurant chain operation:** Japanese café chain operator Pronto Corp. (joint venture by Suntory Holdings and Ueshima Coffee Co., founded in 1988) opened Thursday a new spaghetti 'pilot' restaurant featuring fully automatic cooking in Tokyo, allowing a minimum workforce to serve dishes. The P-Robo cooking robot, developed jointly with Tokyo-based tech firm TechMagic K.K., prepares a dish of spaghetti basically in 45 seconds, automating the cooking process from boiling pasta to mixing with sauce and other ingredients. All human staffers have to do is to put the cooked spaghetti on plates, add some toppings and serve. The restaurant in Tokyo's Marunouchi business district will be the first outlet of its new chain named "e vino spaghetti." The robot also cleans its cooking equipment automatically as the world's first fully automated system to prepare pasta on the spot according to orders. Pronto proudly released the news to say "We've developed the robot to serve spaghetti more quickly and tastily and also help solve the shortage of manpower in the food-service industry." As already reported, Pronto chain initiated its own 'PRONTO Money' payment system in October 2021, refreshing its official smart phone application available nationwide. By PRONTO Money app, people can pre-charge money and pay cashless via barcode on the smartphone for the menus at the PRONTO café & bar restaurants. By charging more than 3,000 JPY, users will get the 'bonuses' by 3-5% JPY amount back to the charged money. The more charged and used or paid via

Pronto Money app., the higher ranks for bronze, silver and gold plus incentives will be given to the users. As handling of this app is so easy and approachable with fun, the download #s have been increasing by get the businesspeople and young family members. PRONTO operates 348 outlets nationwide with approximately 206 mil. USD annual sales turnover (as of FY 2021). Pronto uses only California Avocado for regular menus.



Above: Varieties of Spaghetti menus prepared by P-Robo.

When you are in Japan, expect 'pasta' of all kinds on the restaurant menu sheets means almost only spaghetti's.



To-go spaghetti dishes available at PRONTO



Minimal human contact at the dining counter



P-Robo pasta automatic cooking system

## **Major imported fruits delivery to the fresh produce central wholesale markets in June/July 2022:**

**Oranges:** Arrival from the US looked slow. In February-May this year, the US/CA citrus products had very low supply due to poor crop and disrupted on-surface shipment. Japanese fruit buyers are busy for securing alternates from Australia even if the price went up.

**Lemon:** Total supply from the overseas went down. Chilean lemon supply delayed and only 60% of the last year volume arrived in Japan around the end of June. California lemon shipments were almost over by all the major importers. The primary wholesalers were a bit concerned about the California lemon quality because it was not great as the oranges---smaller fruits, less crop, not juicy, imbalance of acidity and brix, etc.

**Banana:** The fruit is the top import fruit item for Japan by volume (1 million metric tons per year) and Philippines has been the number one supplier of bananas to this country. Due to the lower production by Philippines and problematic transportation in South American countries, the import volume is reduced, and the price went up high. Just recently the Filipino ambassador to Japan invited some Japanese retail chain buyers in Tokyo, appealing them to accept the cost increase in Philippines. He described if the pressure to dump the price from Japan, the #1 buyer of the Filipino bananas for years, many of the banana farms may be bankrupted and close business to let the whole industry endangered.

**Papaya:** Hawaiian/US products managed to ship average volume to Japan at the moment but possibly by the climate change and longer rainy season there are more fruits with greener skins than usual. Filipino papaya's supply was consistent and stable both in volume and value.

**Strawberries:** Total import was a bit lower than previous years but the US strawberries were good in quality. Prices went up at 3,000~3,500 JPY per kg. \*250g/pack x16 packs/cs=4kg/cs

**Blueberries:** Total supply in this June was a bit less than last year. Arrival of Oregon fresh blueberries was slow and the auctioned prices were higher at 2,160~2,640 JPY per kg. \*125g/pack x 12 packs/cs = 1.5kg/cs

## **In June 2022, the following Japan market-related reports and news were released for the US food and beverage export opportunities:**

**Japan: Japan 248th Food Safety Group:** Japan's Ministry of Health, Labour and Welfare (MHLW) proposed revisions to Japan's maximum residue levels for 9 agricultural chemicals (Etofenprox, Fenpyroximate, Florasulam, Fluensulfone, Tetraconazole, Cloxacillin, 1,2-Dichlorobenzene, Didecyldimethylammonium chloride, and Nicarbazin) for various agricultural commodities. Interested U.S. parties should submit their comments to [PlantDivision@usda.gov](mailto:PlantDivision@usda.gov) for plant products and to [TFAA.FAS.AnimalDivision@usda.gov](mailto:TFAA.FAS.AnimalDivision@usda.gov) for animal products by June 16, 2022. MHLW also opened a public comment period through July 15, 2022 for the proposed positive list for synthetic resin used for food apparatus, containers and packaging (ACP).

**Japan: Japan to Require Allergy Labeling for Walnuts:** Japan's Consumer Affairs Agency (CAA) will add walnuts to list of allergens that product manufacturers and importers must include on the label of packaged products containing walnuts. Currently, CAA strongly recommends including walnuts on the label, but does not require their inclusion. CAA will hold a public comment period prior to making this modification to the Food Labeling Standards, but have not yet announced dates for the comment period. Exports of U.S. walnuts to Japan have grown from 10,604 metric tons to 21,944 metric tons over the last decade.

**Japan: USJTA TRQs Remain Underfilled in JFY 2021:** The U.S.-Japan Trade Agreement (USJTA), which entered into force on January 1, 2020, improved market access for U.S. products through the creation of tariff-rate quotas (TRQs) for food wheat, wheat products, malt, processed cheese, whey, glucose and fructose, potato starch, corn starch, and inulin. In JFY 2021, allocation and fill rates of the TRQs continued to remain low. This report provides data on TRQ allocation and fill rates, together with out-of-quota imports observed during the last fiscal year



**Japan: Retail Foods:** In 2021, the total value of all retail food and beverage (F&B) sales in Japan totaled \$467.20 billion, a 2.3 percent decrease over 2020 sales of \$478.12 billion. Supermarkets continue to represent the bulk of the retail food market, accounting for 74 percent of the market, with convenience stores, drugstores and internet sales of food and beverages accounting for the rest of the market. As the market continues to transition to a post-COVID-19 environment, retailers and food and beverage manufacturers will have to address inflationary pressures that will likely encompass broad price increases.

Spec/Sales sheet developed by Ogakame for Coffig ↓



規格書

**COFFIG (コフィグ)**  
Caffeine-free (ノンカフェイン) Q-FIG (イチジク)

日本製上陸！オーガニックイチジクコーヒー  
今までマニエー農場を産出したきたタンボロコーヒーや  
穀物コーヒーの原を継ぐ、革新的ノンカフェインコーヒー代用品。

『不変不腐の異物』やスーパーフードと呼ばれるイチジクで作られたコーヒー風飲料。ノンカフェインのため、妊婦中・授乳中の方、またお子供からお年寄りまで、老若男女問わずオススメです。カルフォルニア産の有機ブラックフィグをローストし、上品なほろ苦さや渋みから酸味でコーヒーに近い味わいに仕上げます。イチジクに含まれる栄養素、はちのりとした旨みと芳醇な香りでごくからラテンアメリカの人々に愛用されています。牛乳や豆乳を加えてカフェオレ風にも、お菓子作りの材料にも、アレンジの幅は未知数。

- 100%植物由来・カフェインフリー・グルテンフリー・乳不使用・農業不使用。
- 農業に食まれる酵素フィンは、消化促進作用があり、胃もたれや二日酔い防止に良いとされています。
- 非常に珍しい果糖成分カリウム、カルシウム、鉄分、食物繊維が豊富に含まれている。腸の働きを活性化し、便秘解消に役立つ働きがある。カリウムは身体からナトリウムを出す働きがあるため、高血圧症の方によいとされています。

品名	単位	数量	単価	総額	備考
オーガニックイチジクコーヒー (オーガニック)	箱 (300g)	12	¥3,800	¥45,600	※本製品の製造元はアメリカのカリフォルニア州マニエ農場から100%オーガニックイチジク、ノンカフェインのみ、粒状中・液状中のみ。本専用に加工する。
オーガニックイチジクコーヒー (D.O.) (通常)	箱 (300g)	12	¥3,800	¥45,600	※本製品の製造元はアメリカのカリフォルニア州マニエ農場から100%オーガニックイチジク、ノンカフェインのみ、粒状中・液状中のみ。本専用に加工する。

※以上はあくまで参考価格です。実際には送料や手数料、消費税などが別途発生いたします。

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