



WUSATA Japan Monthly Report

October 2022

Executive Summary

Japan's core consumer prices surged 3.6 percent in October from a year earlier, the fastest pace in about four decades, providing fresh evidence of broadening price hikes that are hitting household spending and testing the Bank of Japan's resolve to maintain its ultralow rate policy. The recent inflation, prompted by higher energy and raw material costs and exacerbated by the weakening of the yen, will be short-lived. But the nationwide core consumer price index, excluding volatile fresh food items, remained above the central bank's 2 percent target for the past seven months. Bank Of Japan Governor Mr. Kuroda reiterated recently that its ultralow rate policy is necessary to support the economy and achieve the inflation target supported by more robust wage growth. "October was dubbed the month of price hikes and the inflation data came out strong," as said by a senior executive economist at the Dai-ichi Life Research Institute. For now, household spending is recovering after it was dented by the COVID-19 pandemic, but it's hard to expect consumers will ramp up spending without wage hikes.

Market Intelligence Update:

The number of food price increases in 2022 October exceeded 8,500 items, and the number of price revisions in a single month is expected to reach the largest scale by the end of the year. In addition to new price increases for large-scale beer categories, a number of industries are raising prices again and again against the backdrop of a severe cost environment. The three tiers of manufacturing, distribution, and sales (manufacturers, wholesalers, and retailers) are in the midst of negotiations to raise prices in October, but they are struggling to catch up tremendous workload to register and distribute unprecedented number of items at changed prices. The term "price increase congestion" also appeared, in which negotiations and coordination among the supply chain holders continued to be delayed. As food prices rise all at once, inexpensive retail private brand products are emerging in the market, and there are many cases where national brand products were pressed. In parallel with passing on appropriate price increases, the food industry is facing the situation where the consumers are prone to refrain from buying price-increased food and beverage and fighting against the lower prices PBs and discount store chains. Food prices, excluding perishable items, surged 5.9 percent, the largest gain since March 1981, as many companies went ahead with price hikes in October. It was not just goods prices that have gained. Price hikes in the restaurant industry and the fading of a mobile phone factor helped lift service prices by 0.8 percent, the largest gain since August 1998. Economists project the recent rise in core CPI will peak in the current quarter to December, as the government's program to reduce utility bills for households will begin next year. It's worth noting that prices other than food and energy are also rising, though the service sector is still lagging behind. The mindset of ordinary people may be turning 'deflationary' despite accelerating inflation, looking for cheaper everyday goods and cutting back on spending.

Retail Sector

In October 2022, according to the Japanese Ministry of Economy, Trade and Industry, the amount of retail sector sales in general increased by 4.3% year-on-year to 13.082 trillion yen, marking the pluses for eighth consecutive month. The impact of the spread of the new coronavirus infection has dissipated, and sales at drugstores and convenience stores looked strong. October this year, as the border control became loosened more transportation opportunities and people's spending outside their home/offices remarkably increased. So October 2022 may be remembered as the turning point when the Japanese economy finally started nosing up after the staggering pandemic era.

By industry, pharmaceuticals and cosmetics increased by 10.5%, the other retail sectors increased, 9.4%. Department stores increased by 10.7% year-on-year. As people started going out more often their purchase of

October 2022 WUSATA Japan Contractor's Monthly Report

outings, clothing, fashion goods and items for traveling showed growth. Supermarket chain stores increased by 2.8% year-on-year due to an increase in food prices while demand for home meals decreased; and convenience store chains sold more tobaccos, onigiri rice balls, and bento boxes for the business people on weekdays, showing the total monthly sales with 6.5% more than in the same month in 2021. Drugstores increased by 6.0% due to strong sales of snacks, dry groceries, packaged food and drinks and discounted cooking oils.

Foodservice Sector



As known and reported many times, the restaurant industry was victimized by the spread of the COVID19. Finally in this October, when the effects of the "seventh wave" arrived relatively calm, general consumers of the country became quite active, making overall foodservice industry return to life. The impact of government's measurements such as "domestic travel support" and "significant relaxation of border measures" from October 11 have been working well, too. According to the October 2022 report of the "Food Service Industry Market Trend Survey" conducted by the Japan Foodservice Association, overall foodservice sector sales marked 114.8%, compared to the same month of the previous year, combined with an increase in customer unit price due to price revisions. At the same time the survey found the number of foodservice outlets has decreased along with significant number of laborers engaged in the hospitality/foodservice sectors. Although there are differences depending on the type of business, overall, it marked +5.5% compared to 2019, exceeding the pre-Corona for the first time. In the fast food (FF) business category, in addition to strong takeout and delivery demand, in-store food and beverages consumption also returned, and overall sales increased by 109.9% year-on-year and 118.0% compared to that of 2019 before the pandemic. The family restaurant business increased to 120.3% compared to the previous year. While the recovery trend is stronger at specialty stores, the return of nighttime foot traffic is sluggish. The number of customers in the western-style family restaurant chain during the day hours recovered steadily, with sales of 121.3%. Japanese cuisine family restaurant showed signs of recovery due to rising inbound demand, with sales of 120.6%. Chinese style family restaurant chains continued to have strong demand for to-go menus and delivery to have sales of 118.3%. Korean style Yakiniku barbecue family restaurants also grew by 18.2% more than in the same month of 2019 thanks to increasing number of customers visiting the restaurants. Both Japanese izakaya-style and western style pub restaurants looked getting

October 2022 WUSATA Japan Contractor's Monthly Report

better but the customers were prone to leave early in the evening to go home. The demand has begun to return in the dinner restaurant business with the sales of 124.8% compared with October 2019. In some tourist spots, the number of foreign visitors to Japan is returning. Behind the scenes food industry is facing severe labor shortage both in the kitchen and in the hall. In cafes, the number of daytime customers was coming back. Price revisions and the introduction of seasonal value-added products led to an increase in the unit price per customer, and sales reached 119.0% of the previous year. However, like in the pub restaurants, cafes tended to have scarce customers in the late evening hours so the overall sales recovery didn't happen yet, still minus 10% compared with October 2019. Foodservice sales turned to upward in October 2022 whereas in addition to inflation and the depreciation of the yen, people try not to overjoy by dealing with concerns and reservations against possible arrival of eighth wave of the pandemic, food and drink price hikes and impact by the international dispute and low-flying Japanese economy.

USDA Japan released the following reports in October 2022 relevant to the US food and beverage export to Japan:

[Japan: Food and Agricultural Import Regulations and Standards Export Certificate Report](#)

This report lists major export certificates required by the Japanese government to export food and agricultural products from the United States to Japan. For more information on Japan's import requirements, see the Food and Agricultural Import Regulations and Standards (FAIRS) Annual Country Report for Japan at <https://gain.fas.usda.gov/>.

[Japan: Food and Agricultural Import Regulations and Standards Country Report](#)

This report is an overview and update of Japan's food and agricultural import regulations and standards (FAIRS). For more information on Japan's certification requirements, see the FAIRS Export Certificate Report for Japan.

[Japan: Japan Increases Butter imports in JFY2022](#)

On September 30th, in a revision to its January announcement, Japan's Ministry of Agriculture, Forestry, and Fisheries affirmed that it will increase the tariff-rate quota volumes for butter to 9,788 MT but will hold non-fat dry milk (NFD) at 750 MT for Japanese fiscal year (JFY) 2021. Total planned imports are estimated to be about 137,000 MT (milk equivalent).

[Japan: Japan Opens Public Comment on GE Labeling for Nutritionally Enhanced Rapeseed Varieties](#)

On October 13, the Consumer Affairs Agency (CAA) opened a public comment period for proposed revisions to the genetically engineered (GE) labeling requirements of the Food Labeling Standards. The revision proposes to add rapeseed varieties that produce eicosapentaenoic acid (EPA) and/or docosahexaenoic acid (DHA) to a list of nutritionally enhanced GE products that require GE labeling, called the Specific GE Products. If adopted, CAA will require GE labeling on products derived from these rapeseed varieties even if no foreign genetic material remains in highly refined products, such as canola oil. CAA will accept comments in Japanese through November 12, 2022.

[Japan: Japan Opens Public Comment on Revised Allergy Labeling for Walnuts](#)

On October 13, the Consumer Affairs Agency (CAA) opened a public comment period for the proposed revision to allergy labeling requirements for walnuts in Japan's Food Labeling Standards. CAA will accept comments in Japanese through November 12, 2022

富士YEGブース特別出展

11月5日 (sat)
 福祉キャンパスくすの木学園開発の、
 ほうじ茶とコーヒーをブレンドした新商品『ほうひー』を
 土曜のみ限定発売！！

11月6日 (sun)
 富士市立高校とグランド富士が共同出展で
 富士でしか食べられない給食デザート『サイダーかん』を
 日曜のみ限定発売！！

SNSフォロー特典

【カリフォルニア・アーモンド協会】
 特典内容
 SNSフォローで
 Californiaアーモンドプレゼント

【カリフォルニアワイン協会】
 特典内容
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More updates coming in the next monthly report! --- *to be continued!*