



WUSATA Japan Monthly Report

September 2022

Executive Summary

In this September, consumer appetite for shopping showed a slight recovery compared with the same month of last year=2021, but not so much vs. previous month (August 2022) expenditure. While COVID restrictions opened up, Japanese business sectors and consumers continued to be stuck in 'high cost low income' structure of the social economy. Under the surface more manufacturers like of the electric appliances are shifting their production base and supply sources back to Japan as they review their supply chains have to be altered after disruptions resulting from the COVID-19 and the US-China trade war.



On the other hand, recovery of Japan' inbound tourism likely muted without Chinese visitors, as Beijing's COVID zero policy restricts travelers from leaving China-far and away Japan's largest source of foreign tourist revenue.

Weak yen will definitely encourage more people in and out of Japan to spend time and money for the tourism with various purposes. But almost 30% difference of the currency power due to the exchange rate gap has been continuing severely to impact Japanese food buying, manufacturing and distribution power.

On the first Monday of October 2022, Japanese Prime Minister Fumio Kishida pledged just to revive the nation's pandemic-battered inbound tourism industry by setting a new goal of increasing foreign tourists' total spending to more than 5 trillion yen (\$35 billion) annually. The weak yen is expected to be a further incentive for the international travelers, with the most of the foreign currencies trading at its highest in some recent years.

Market Intelligence Update:

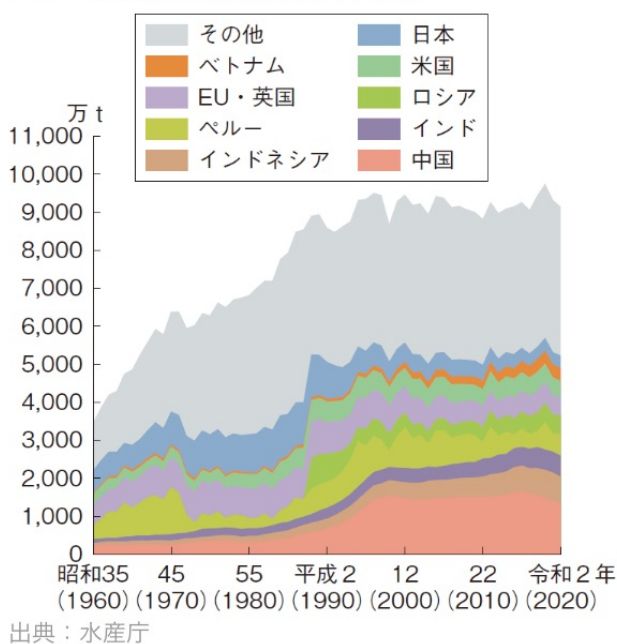
Needless to say, the risks have become higher for the Japanese food procurement and supply chain management due to the pandemic and the new critical situation in Russia-Ukraine war. According to the latest overall verification on the current and potential risks which will impact national food security system by the Japanese Ministry of Agriculture, Fishery and Forestry (=MAFF); Japan tends to rely just on the limited number of foreign suppliers, which looks stable but also vulnerable against direct impact to price and volume. Upon calorie-base, Japan relies on 67% of foreign supplies of agricultural produce and seafood. On calorie base, the US is the biggest supplier (23%) for Japan, Canada the 2nd (11%), Australia the 3rd (8%) and Brazil the 4th (6%). These four are almost fixed as main suppliers for Japan offering 85% of the total to Japan high volume of corn, wheat, soybean, rape seed, etc. for the edible cereals, oil seed and animal feed, making advantage of their spacious arable lands. In coming years, the need for Japan's self-effort to increase more domestic supply must be heightened regardless international trading climates or simply owing to the various factors. On September 26th, Japanese Ministry announced on founding a new government-industry coalition platform called 'Food Supply Public-Private Partnership' to jointly address with the major food industry organizations the issues and solutions for: food distribution/logistics impacted by pandemic; global warming; food cost hike; new compliance for food-loss reduction; labor market change, and logistics standardization to be enforced from 2024.

Some of the Japanese agricultural food policy analysts propose to promote domestic consumption of rice flour-based products, as a weak yen and Russia's invasion of Ukraine have substantially increased the cost of importing other types of grains. Consumption of rice as a dietary staple has been declining in Japan, as more

people turn to bread and noodles in the past 50 years. The country's demand for rice for the year from this July is estimated at 6.9 million tons, falling below the 7 million ton mark for the first time. Against the backdrop of such dietary shifts, the government has been facilitating farmers' transition to the production of rice for animal fodder or for making rice flour by giving out subsidies to ease oversupply. Due to higher grain prices, 45 of Japan's 47 prefectures are likely to increase production of rice fodder from last year. Twenty-seven are expected to boost output of rice used for making rice flour. Japan imports more than 80 percent of its wheat, but prices on the global market have jumped since the eruption of war between major wheat exporters like Russia and Ukraine. The weak yen has further increased domestic prices of products using flour.

Traditionally Japanese seafood-oriented diet patterns used to be paired by the nation's rice consumption as staple or source of salt/fermentation of Japan's native condiments. For many years, Japan has been regarded as one of the biggest seafood producers/consumers in the world. But it may not be any more as in recent years, Japanese fish catch & landing volume as well as its per capita consumption have been rapidly slipping and sliding away. Global warming and recent pandemic situation may be behind these phenomena but more significant reason for Japanese weakened 'fish' power has a lot to do with the fact Japan has become far behind the other developed countries for pursuing sustainable and responsible fisheries in its own territorial water. Japanese government has tumbled many times in the past to persuade fishery sector and local harvesters to set individual catch quota nor fish resource management systems from the scientific point of view.

世界の漁業の国別漁獲量の推移



Globally, an average of 80% of people consider sustainability to be very important or important when choosing seafood, while the average of Japan is only regarding 'sustainable fishery' to be important by 40%, and even in Russia, second to the bottom, at 73%. There are also 11% that said sustainable seafood is not important point of purchase at all. No other country has this double-digit mark, making Japan lagged far behind the international community in terms of sustainability awareness.

The graph shows the transition of fish landing volume per country, indicating those who have been successful in the science-based sustainable marine resource management are catching more volume and value of seafood while Japan has dropped both. Japan may be more dependent on the imported seafood resources in the coming years to support Japanese traditional seafood-oriented dining tables.

Retail Sector

Retail companies facing soaring raw material prices, logistics costs, and a weaker yen which push them to keep raising consumer goods prices. This move is spreading to food and daily necessities manufacturers, and convenience stores.

In the consumer end, both Male and Female groups showed improved buying appetite for food, fashion, dining/drinking-out and travel, according to a recent consumer survey on shopping trends conducted by GMO Research Company. They seem to be trying to be smarter and choosy for the quality and reasons for the food and 'happiness' even when prices are going up.

The trade sector efforts to build longer and wider e-to-c shopping platforms driven by more consumer choice available for the cashless payment via various smartphone apps. Cewpie, Japan's top mayonnaise/egg product shareholder and salad dressing manufacturer, just made launch into the home meal set delivery program called Qummy. Consumers can join in the membership Qummy club to order for home delivery the variety of packages containing assorted pre-cooked/pre-cut food materials along with the recipes Cewpie offers.



In the food distribution channels, even in the challenging situation under the pandemic, some of the emerging players has expanded its business in retail sector.

TRIAL Company based in Fukuoka City (hereinafter referred to as "Trial") is now running 270 retail store outlets nationwide from Hokkaido to Kagoshima. Its sales turnover for the fiscal year ended June 22 were 597.5 billion yen. The characteristic of Trial is multiple levels of the store size and scale from Super Center to Mega Center. In the future, the company will promote "retail DX (digital transformation)" and "enhancement of the chilled/frozen/fresh food category management" using its agility and efficient merchandising power and procurement system. Trial is one of the companies who are actively trying to build new relationships with the overseas suppliers.

Foodservice Sector

Restaurant sales up 19.7% in September, the 10th consecutive month in positive pitch

According to the Japan Foodservice Association, restaurant sales in September increased by 19.7% year-on-year. This is the 10th consecutive month that the year-earlier results have been surpassed. The seventh wave of the spread of the new coronavirus infection has crossed the peak, and there were signs of recovery in customer traffic towards the second half of the month. It has recovered to a level of 5.9% decline compared to September 19, before the corona disaster. By business category, both Japanese & Western style pubs saw the largest growth. Last year, there were many outlets that could not open, so in reaction to that, the increase was about 5.7 times. However, except for small-scale ones, demand for banquets for wedding, corporate functions, etc. has not returned to the hotels and banquet halls, and it remains at a level of 46.3% compared to September 19.

Dinner restaurants also grew about 1.6 times due to the return of personal demand, but corporate demand on weekday nights did not return easily, and was down 19.5% compared to September 19. Although family restaurants increased by 32.1% from the previous month, nighttime attendance, mainly on weekdays, was still sluggish, and it was down 18.8% compared to September '19.

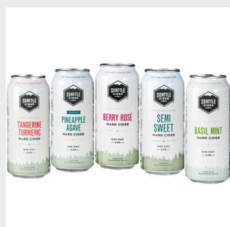
On the other hand, fast food continued to be strong, up 8.2% year-on-year and 8.3% compared to September '19, above pre-pandemic levels. The increase in takeout and delivery sales has subsided, but in-store food and beverage are recovering.

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



Japan: Japan Opens Comment Period for Soymilk JAS Standard

Japan's Ministry of Agriculture, Forestry and Fisheries invites public comments on the proposed revision of the Japan Agricultural Standards (JAS) for soybean milk products. Comments must be submitted in Japanese by October 8, 2022.

一方、美しい稜線を描く山々と壮大な太平洋の海がもたらす彩り豊かな自然環境の中で、世界中で育成されるワインブドウのほぼすべての品種が栽培可能であることから、多くのワイン生産者たちがこの地域で100種類以上の銘柄の卓越したワイン造りに成功しています。葡萄以外では、この地域名産のベリー類、蜂蜜を原料としたワインなども作られています。



アメリカ西部生まれのハードドリンク、
ワインの情報は下記サイトにも満載！

 えぞ麦酒株式会社
 ピアキャッツ



お買い物
おいしい
食べ物や地元
名産品が勢揃い!!

Let's go!!

2022 Autumn

ふじをまるっと楽しもう!

第35回富士市産業まつり

商エフェア

11.5(土)・6(日) 9:30~20:00
中央公園イベント広場・多目的広場
※雨天決行(開催発表時は除く)

9:30~15:30(本場)

11.5(土) 9:30~15:30
11.6(日) 9:30~15:30

サンセットマーケット

5日の土曜日は
20時まで開催!!

オーシャンサイドのような
非日常の解放感を再現!!

- ワインで乾杯! 星空 Night Bar
- 光と音をたのしむ JAZZ LIVE
- オーシャンサイドを感じる光演出 プロジェクションマッピング
- 当日出展限定メニュー! SUNSET MARKET グルメ

ステージイベント

- お楽しみ抽選会
- けんだまパフォーマンス
- 如月愛里 富士市出身
ダンサー・ダンサー
- K-POP ダンス
- わんわん
大サーカス
- ミニトレン乗車体験・モルック体験

第59回日本レコード大賞 新人賞受賞
UNIONE LIVE

アメリカ産各協会 協賛

展示・体験・ワークショップ

- 鍼灸マッサージ・盲導犬・美容・車両展示 etc

主催/富士市産業まつり商エフェア実行委員会
 協賛/富士市産業振興協議会、ユニプレス株、富士ブランド推進会議
 後援/富士市、富士商工会議所、富士市商工会
 駐車場/ロゼンタター南側や周辺店舗はご利用できません。
 臨時駐車場 市役所、富士商工会議所、ユニプレス 駐車場には限りがございます。

商エフェアに関するお問合せ:
 富士商工会議所 / TEL.0545-52-0995
 富士市商業労働課 / TEL.0545-55-2907
 当日のお問合せ: おしえてコールふじ / TEL.0545-53-1111

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