



Products of the U.S.A.

WUSATA Japan Monthly Report June 2023

Executive Summary

In June known as a rainy season, Japanese economy seemed to be recovering at a moderate pace in this month by seeing the following market trends:

- ◆ Private consumption and business investment were picking up.
- ◆ Exports have shown a steady undertone---Imports were almost flat from Asian countries, the U.S. and the EU were almost flat. In short-term, imports are expected to gradually go upward.
- ◆ Industrial production shows signs of picking up.
- ◆ Corporate profits are improving moderately as a whole.
- ◆ The employment situation has shown some improvements by the increase of minimum wages pushed hard by the government. However, in some of the industrial areas, including foodservice and hospitality sectors the human resource supply is in extreme shortage. The competitions among the business corporations have just started to recruit 2024 Spring new grads not only of the colleges but also of the high schools.
- ◆ Consumer prices kept rising---in June alone, 3,885 kinds of consumer food products, mostly condiments and grocery items had price increase. In July more price increase will be coming with bakery goods and breads.

Concerning short-term prospects, the economy is expected to continue recovering at a moderate pace with the improving employment and income situation, supported by the effects of the policies. However, slowing down of overseas economies is downside risk of the Japanese economy, amid ongoing global monetary tightening and other factors. Also, full attention should be given to price increases and fluctuations in the financial and capital markets.

解説
6月も“値上げラッシュ”

6月値上げされる食品
3575品目

日清食品
カップヌードル (レギュラー)
231円 → 254円

エスビー食品
テーブルコショウ (20g)
211円 → 226円

カルビー
ポテトチップス (60g)
150円前後 → 160円前後

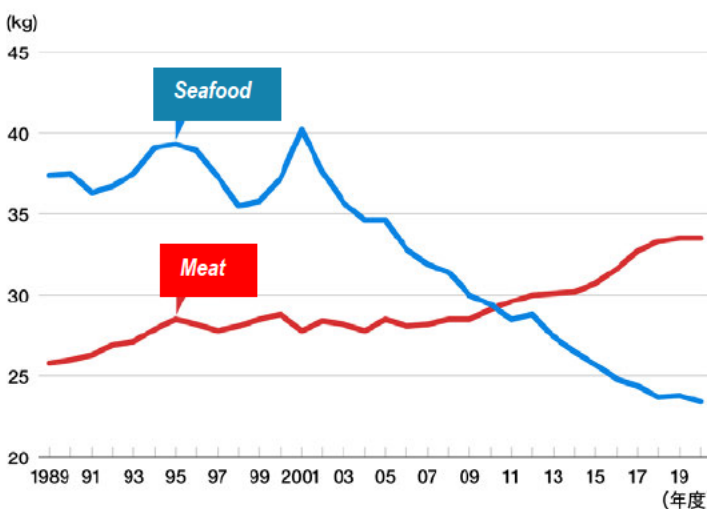
6月も“値上げラッシュ”

Major Japanese TV news program reports on the rush to raise the food product prices in June 2023

Market Intelligence Update:

Continuing from this last May, the nation's food inflation surged to a 47-year high this month, with the price of fish increasing by 14.8% compared with the year before, while meat price remained at a more modest 8.6%, according to data released by the Statistics Bureau of Japan. In Japan, meat (beef, pork, and poultry), fresh produce and locally caught fishery products have been distributed by the central wholesale market systems by law to secure stable food supply nationwide. Japan once was one of the top seafood eating nations in the world but now seafood sector is facing major challenges derived from the multiple economic factors including the soaring fish price, more demand for seafood outside Japan and reduced landing volume partially because of global warming. Weakened seafood consumption trend drove Japanese people to look for meat as major protein resources in the recent years as the healthy eating habit with fish-oriented diet has become too expensive for the traditional seafood eaters. Fish remains a major source of protein in Japan, and is particularly important for senior citizens to help reduce loss of muscles and brain cells. The increased food prices certainly hit the low-income class consumers and particularly the single pensioners.

Transition of Japanese seafood and meat consumption per annum



The price increase particularly of the seafood products hit the purse of those age 70 and above, who spent on average more than ¥7,000 (\$48.73) on fish per month, according to the latest household spending data, are feeling a much larger inflationary hit than younger people. Those between the ages of 20 and 29 only spent less than a third of that amount on fish. The government announced an increase in monthly pension payments for the first time in 3 years this year, which would raise pensioners' income by an amount between 1.9% and 2.2%. But that's not enough for the growing number of older people facing a higher cost of living, as overall inflation remains above 3%, and the number of workers contributing to the pension system is also shrinking.

As most may regard Sushi plates as the Japanese signature seafood dishes, which is not actually the case in the sushi's home country. Almost all the toppings on sushi including the most preferred salmon and tuna are coming from overseas all year round, some of them are finished in third countries and shipped straight to the sushi restaurant chain outlets. Ironically sushi is not promoting Japanese local fishery nor seafood import business and local processing sectors, who are getting vulnerable to the global economies, natural environment, and political disputes such as about release into ocean of contaminated water of Fukushima nuclear powerplant.

Retail Industry Overview

In June 2023, overall consumption in retail market looked healthy and consistent nationwide except a few categories like fresh fruits & vegetables whose market prices tended to be softened, and healthcare/hygiene products which dropped the sales remarkably due to the end of COVID19 era. Price increases of thousands of food items certainly made consumers purse tightened. Some food market analysts said soaring household electricity and gas bills discouraged people to cook meals at home. The recovery in demand for vacations and events is also driving the strong performance. Warmer temperature helped more adults buy cold beer both for home and office drinking with the colleagues after five. According to the Supermarket Association of Japan's business sentiment survey, majority of retail chain operators showed confidence in and positive forecast about the growth of food and drink sales in coming months, knowing the COVID19 curtailing consumer mind has become a thing of the past.

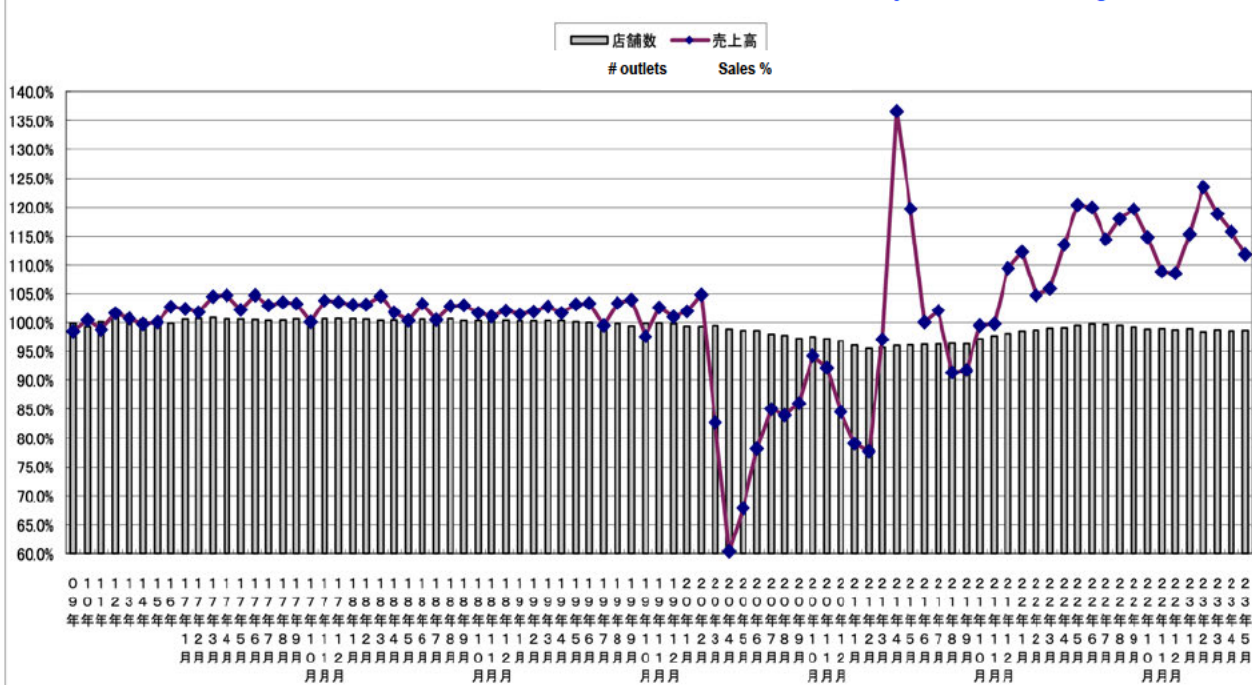
While the unit price of food products continued to rise, demand for ready-to-eat meals grew partially because an active flow of people came back to streets and outside of home. Demand for home-cooked meals stayed strong among the main-stream consumers who wished to save money for better management of living costs.

Japanese people showed acceptance about price increases while lower priced commodity products have become sought after by the mainstream low to mid income class consumers.

Tourism starting to buoy foodservice & hospitality sectors

As reported, since early May, the movement restrictions due to COVID were lifted nationwide on May 8th, 2023, right after the Golden Week holidays in Japan. Accordingly, demand for eating and drinking out continued to be strong even in June as well. Altogether with the business and school commuters, local and international travelers and ordinary housewives spent more to make foodservice sales grown by 11.8% compared with the same month of last year, and by 7.6% versus the same month of 2019. However, the sales increase contains an inflated price and cost so it cannot simply be regarded as a true recovery of the foodservice sector. Most of the hotels, restaurants, bars, and cafes are facing challenges and difficulties by tackling rise in food procurement, energy, logistics, labor shortage/costs and cutting the business operating hours. Big foodservice chain and hospitality service operators who can afford to get more robots and to hire foreign laborers are trying to fill the loss of manpower.

Transition of the foodservice sector sales and number of restaurants, eatery, café, bar, and dining hall



USDA Japan released the following reports in June 2023 relevant to the US food and beverage export to Japan:

[Japan: USJTA Treatment for Beef and Beef Products 2023](#)

The U.S.-Japan Trade Agreement (USJTA) entered Year 5 of the agreement implementation on April 1, 2023. This report is one in a series of product briefs highlighting the tariff benefits for specific commodities and products from Year 5 (2023) to Year 7 (2025) of the Agreement. Additional information is available at www.usdajapan.org/usjta/.

[Japan: USJTA Treatment for Cheese 2023](#)

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Japan: USJTA Treatment for Pork and Pork Products 2023

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Japan: USJTA Treatment for Whey 2023

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Japan: USJTA Treatment for Yogurt and Other Dairy Components 2023

<https://www.fas.usda.gov/newsroom/us-exporters-build-new-partnerships-during-ag-trade-mission-japan>This report is one in a series of product briefs highlighting the tariff benefits for specific commodities and products from Year 5 (2023) to Year 7 (2025) of the Agreement. Additional information is available at www.usdajapan.org/usjta/.

Japan: METI to Develop a Separate SAF Target

On May 26, 2023, Japan's Ministry of Economy, Trade and Industry (METI) announced plans for SAF introduction and a SAF-focused biofuel target.

U.S. Exporters Build New Partnerships During Ag Trade Mission to Japan

June 20, 2023

<https://www.fas.usda.gov/newsroom/us-exporters-build-new-partnerships-during-ag-trade-mission-japan>

Japan: Japan Retains Planned Butter and NFDM TRQs in JFY2023

On May 26, Japan's Ministry of Agriculture, Forestry, and Fisheries affirmed that it would maintain the tariff-rate quota volumes for butter at 8,000 MT and non-fat dry milk (NFDM) at 750 MT for Japanese fiscal year 2023, in line with its previous announcement in January this year.

