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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

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Approved by:

David C. Miller, Director

ATO Tokyo

Prepared by:

Karen Halliburton, Deputy Director

Akiko Matsuyoshi, Marketing Clerk

Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press.

This issue's highlights include: JUSCO introduces a "lowest price guarantee" at its Max Valu supermarket chain; Ito-Yokado launches on-line supermarket business;

Japan's Agriculture Ministry imposes daily limit on fresh vegetable import inspections; a record-breaking 1800 companies participate in the overseas section of Foodex 2001; and "The Year of Italy in Japan 2001" kicks off in Tokyo.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

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Wholesale/Retail

- *JUSCO* has introduced a "lowest price guarantee system" for all of its 60 Max Valu supermarkets. Each store offers a customer refund guarantee if the price of a particular item is proved to be sold at a lower price by any other store in the region. (a 3/20)
- *Ito-Yokado's* on-line supermarket order and delivery service began operations on March 1. The address is: <http://www.iy-net.com> (c 3/21)
- *Daiei* will conduct a customer survey at all of its 300 stores nationwide regarding store services and product variety. By April, *Daiei* plans to post the results of the survey and the company's new objectives at all its store fronts. (a 3/28)
- According to the *Japan Chain Store Association*, total supermarket sales in February fell 0.6% compared to the same period last year. On a same-store basis, sales declined 6.2%, the 27th consecutive month of decline. Food sales, including new store sales, in February increased 2% over the previous year, but declined 4.7% on a same-store basis. (e 3/28)
- According to the *Japan Franchise Chain Association*, total convenience store sales in February increased 1.1%, but declined 1.7% on a same-store basis. (e 3/28)
- According to the *Japan Department Store Association*, department store sales in February declined 2.5%. (e 3/28)

Food Service

- According to the *Japan Food Service Association*, total food service sales declined 0.4% in February compared to the same period last year. This is the first time in the past four months that sales have been below the previous year's level. (e 3/28)
- The *Dotour Coffee* group's consolidated profit for 2002 is expected to reach 2.7 billion yen, a 23% increase over this year's level. This would be *Dotour's* fourth consecutive year to achieve record profits. (a 3/29)
- *Yoshinoya D&C* will hold a sales campaign discounting 150 yen from its *gyudon* grilled beef bowl at all of its 770 outlets nationwide from April 4-10. (a 3/29)

Food Processing/New Products/Market Trends

- Japan's Agriculture Ministry (MAFF) announced on March 22 it will set a maximum daily limit on inspections of fresh vegetable imports. Imports are expected to decline as a result. MAFF also plans to impose restrictions on companies that continuously import inferior or prohibited vegetables. (a 3/23)
- Following MAFF's announcement concerning fresh vegetable import restrictions, supermarkets are anticipating an effect on prices. For example, *Ito-Yokado* stated that they are worried that the freshness of products will decline and costs will increase from prolonged storage, causing confusion

- in sales planning. Supermarkets plan to seek cooperation with wholesalers to avoid a sudden price rise in the short run, but such a rise is inevitable. (b 3/24)
- MAFF announced on March 27 that they have decided to impose temporary safeguard measures for *negi* onions, raw *shiitake* mushrooms, and *tatami omote* rushes. (a 3/28)
 - To prevent the spread of Foot-and-Mouth Disease, MAFF announced on March 23 that Japan will stop importing pork and processed pork products from eight EU countries, including Denmark, Germany, and Belgium. (a 3/24)
 - Following MAFF's import restrictions on EU pork, the price of livestock product imports have been rising. The price of Danish pork tenderloins increased 17% in March compared to the previous year, and the price of U.S. and Canadian tenderloins rose 7% over a 1-2 week period. The price of broilers is also rising due to increasing demand for beef/pork substitutes in European countries. The weakened yen has also accelerated the price rise. (a 3/30)
 - *Snow Brand Foods (Yukijirushi Shokuhin)* is now holding a display contest in the Kanto region featuring "Golden Brown" sausages developed with U.S.-based *John's Dairy Farm*. On March 9, the President of *John's Dairy Farm* visited Tokyo to observe the campaign. (c 3/19)
 - The number of food products with less additives and reduced artificial flavorings is increasing. *Snow Brand Foods* has begun selling a new sausage product with reduced additives, and *Kagome* introduced a new tomato pasta sauce without food additives. (a 3/27)
 - Due to its health effects and improved taste, brown rice sprouts (*hatsuga genmai*) are selling well in supermarkets. The retail market size is expected to double to 6 billion yen this year. (e 3/23)

ATO/Cooperator/Competitor Activities/Trade Shows

- Foodex 2001 had a successful conclusion. A record-breaking 1800 companies from 68 countries and three regions participated in the overseas section; 660 companies participated in the domestic area. (f 3/19)
- The kick-off celebration of "The Year of Italy in Japan 2001" was held March 18 in Tokyo's Marunouchi office district. (a 3/19)
- The *French Food Promotion Council* held a wine tasting seminar at the Chu-nichi Palace in Nagoya on March 12. (c 3/19)
- On March 27, the *Norway Seafood Export Council* will hold a "Norway Seafood Seminar & Reception" at the Hotel New Otani in Tokyo, commemorating the visit of the King and the Queen of Norway. (c 3/19)
- *Team Thailand*, consisting of several Thai government associations in Japan, will hold a "Thai Food Festival 2001" on May 12-13 at Yoyogi Park in Tokyo. Not only food from popular Thai restaurants in Tokyo will be served, but also Thai cooking seminars and other cultural shows are planned. (c 3/19)
- Mr. Phil Seng, Chairman of the *US Meat Export Federation (USMEF)*, stated at a press conference on March 9 that *USMEF* plans to hold a national promotion campaign for beef from March to May, and for pork from May to July. (e 3/19)
- On March 8, *Gallo Japan* held a tasting seminar in Osaka for their premium wines newly released in 2001. About 150 people from the food industry were invited. (e 3/19)

- On March 15, the *Canadian Consulate General* in Osaka held a preliminary seminar at the Osaka Hilton Hotel announcing "Think Canada 2001," a Canadian culture and industry exchange festival planned for March through July. (f 3/22)
- The *Northwest Wine Coalition* will hold its first wine tasting seminar at the Tokyo American Club on April 18 to promote wines from the states of Washington, Oregon, and Idaho. (e 3/28)

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Sources

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| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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