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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

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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.

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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

- (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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