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## Japan

### Market Development Reports

#### Food Business Line

*Periodic Press Translation from ATO Tokyo*

## 2005

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**Report Highlights:** *Aeon* introduces a new tracking system to trace its imports of banana from Colombia; The number of new mall openings in 2004 was the largest since the initiation of the Government of Japan's Large Scale Retail Store Law in 2000; Beef specialty restaurants are hardest hit by the ban on U.S. beef imports, with more than 2000 Korean barbecue restaurants closing since the beginning of the ban; The market for barley malt whisky in Japan is growing; The *Japan Direct Marketing Association's* membership project future sales to increase by 10 percent; The *Ministry of Agriculture, Forestry and Fisheries* will conduct on-site inspections of Chinese meat processing facilities handling beef exports to Japan and; Japan's pig farmers may soon have an opportunity to offer consumers a tracking system for pork products sold in retail stores.

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## **Food Business Line**

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### **Retail/Wholesale**

- *Mitsubishi Electric Corp.* has teamed with *Dai Nippon Printing Co.* and the *Aeon Group* to build a tracking system for imported produce. For the first application, *Aeon* will introduce the system to trace banana imports. The system will monitor every step of the way from their departure from Colombian plantations to their display shelves in more than 1,000 of its supermarket stores, nationwide in Japan. (a 1/6)
- Regional farmer's markets have developed their business in a cooperative effort to sell the largest variety of products possible, in order to compete with respective regional wholesalers. (b 1/10)
- According to the *Japan Council of Shopping Centers*, the number of newly opened shopping centers has been low since implementation of the Large Scale Retail Store Law in 2000. However, the 62 openings in 2004 resulted in the largest increase so far. (b 1/12)

### **Food Service**

- A year will have passed on December 24 since the U.S. beef import ban. The food service industry still has difficulties in procuring specific cuts of beef and acquiring adequate quantities. As a result, most restaurants are in a very unstable condition. According to the *Japan Koren Barbeque Restaurant Association*, 2,000 of its members suffered from closures due to the ongoing ban on U.S. beef imports. (b 12/24)
- Specialized restaurants reliant on U.S. beef, such as beef bowl and grilled beef establishments, are finding themselves in deeper trouble while Tokyo and Washington continue to resolve matters regarding discussions on age verification during meetings in December. According to an organization that specializes in beef tongue promotion, in the city of Sendai where 10 percent of Japan's beef tongue is consumed, 40 percent of those specialized establishments closed. Elsewhere, about 10 percent of Japan's *yakiniku* (grilled beef) restaurants have closed. One of the major problems for beef specialty restaurants is that when procuring beef from Australia, often the entire cow must be purchased. *Matsuya Foods, Co.*, a major beef bowl chain is now using Chinese beef since October 2004. (g 12/23)
- Beef bowl restaurant operator *Yoshinoya D&C Co.* said that same-store sales fell 23.1% on the year in December, but that this decline was about 10 percentage points smaller than November's thanks to its new beef barbecue bowl, which uses Australian beef. (a 1/6)
- *Reins International and Anrakutei*, the major Korean barbeque restaurants, started restructuring their infrastructure for their beef procurement from both Australia and domestic suppliers. Because any resumption of U.S. beef imports may initially be limited, these companies are planning to reduce their costs by restructuring their sources of beef. (b 1/12)

### Food Processing/New Products/Market Trends

- The whisky market in Japan has been sluggish but the sale of malt whisky made from barley has been growing. The market size in 2004 increased by more than 10% compared to that in 2003. (a 12/21)
- According to the *Japan Direct Marketing Association's* survey and report describing the present condition of the industry, although average annual sales remained steady at 260 million yen, 22% of company respondents projected that their future sales will increase by more than 10% and that the market will still continue to grow. (b 12/12)
- Imported prosciutto ham traders are trying to recover a loss in consumption by introducing this new Spanish version of an Italian product to the retail market and, by keeping the wholesale price steady. Consumption in food service has been dull. (b 12/12)
- *Kakeai Noson Kaihatsu* (Kakeai Agricultural Village Development) developed a traceable beef curry product in a retort package from which consumers can search the history of the beef used in the curry by the identification number on the package. (b 1/10)

### Food Safety/Consumer Awareness

- The *Ministry of Agriculture, Forestry and Fisheries* will soon conduct on-site inspections of Chinese meat processing plants and livestock farms to make sure beef exported to Japan meets certain hygiene standards and does not contain parts associated with diseases such as BSE. The step is in response to growing domestic demand for Chinese meat sparked by its low price as well as the government's ban on U.S. beef imports since December 2003. (a 1/4)
- The gene analysis company, *Darwin Corp.* has teamed with *Ibaraki Hitachi Information Service* to offer pig farmers a comprehensive system for managing and tracking individual animals. In July, Japan introduced a pork version of the Japanese Agricultural Standards for product tracing. Consequently, *Darwin* anticipates growing demand for its system among pig farmers who want to provide consumers with detailed information about the origins of their pork products in stores. (a 12/29)

### ATO/Cooperator/Competitor Activities/Trade Shows

- Australian beef has the number one share in the market for consumption of beef consumption for the first time this year, surpassing Japanese beef. There was a concentrated demand for Australian beef after the import ban of U.S. beef due to one cow found with BSE in the United States. There was only a small increase in the market share for domestic beef. (a 12/20)

#### ☞ 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              |
| (g) Nihon Keizai Shimbun         |   |

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