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Report Highlights:

Economic woes and environmental issues have received extensive attention from the Japanese food industry and media again. Many Japanese marketers are taking advantage of this situation as well as the strong yen to market their products. In this month's report we discuss these issues as well as letting you know about trendy products and packages that are earth-friendly.

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Editor's Notes

We had a chance to chat with some of you about the Japan Food Trends newsletter and we got the feeling that you like it. There are two editors, in fact, whose styles are a bit different, but we thought you would enjoy the changes and different nuances.

A couple specific comments we received were that the news was fresh and different. Because of the casual style we thought it would be easy to read and fun to share. We hope to continue to send you news and trends about the Japanese food industry and Japanese culture that we hope will be helpful to your strategic thinking.

Containers That Return To Mother Nature

Cup Noodles in Paper Containers - Nissin Food, April Nihon Keizai Shimbun, e-Nikkei March 21, 2008

Nissin Food is the first company that brought instant cup noodles in a Styrofoam cup. It is probably an essential item for college students here in Japan as well as in the United States. While colleges and universities look for ways to fight against global warming Nissin Food is helping in this area too. Nissin Foods announced that they will stop using Styrofoam cups and begin using ECO Cups in April, 2008. The ECO cups emit less carbon dioxide than Styrofoam cups. ECO cups are higher in costs, but Nissin Foods believes environmental benefits are worth it. At the same time, another noodle soup manufacturer, Acecook, also announced they will use an environmentally friendly container starting in June, 2008.



(Nihon Keizai Shimbun)

Back To Earth Cups Nihon Keizai Shimbun, March 19, 2008 p35

Acecook containers will use material originating from corn and/or potato starch that are easily decomposed by microorganisms found in the ground like our landfills. Acecook is making sure that customers see their new environmental message. The product name is, "Back to Mother Nature".

Editor's note

These are two examples of the food industry addressing environmental issues in Japan. The "back to soil" concept isn't very new. Recall vinyl bags used in the U.S. that were made from high-degradable material, but for a food product that is directly in contact with the packaging may be rare. Slowly, but surely the food industry is accepting these changes, which you might be able to take advantage of if you have the right packaging.

Some can't bear it and some take advantage of it: Rising food prices and the Yen

Editor's note

Since the rise in global grain prices and the frozen Chinese dumpling incident in Japan, headlines about rising prices and food security are everywhere. Here are some of the headlines:

Food Security and Farming Policies (Nihon Keizai Shimbun, Mar. 16, '08, p14)

Nissin Seifun (Largest Japanese mill) Raises Wheat Prices 20% (Nihon Keizai Shimbun, Mar. 11, '08, p 11)

Feed Price Hikes Force Livestock Farmers to Quit (The Daily Yomiuri, Mar. 30, '08, p2)

The list goes on and on. Consumers and distributors feel the bite. They are helped by some, but forced to accept reality on other fronts.

Pricey Wheat Hard To Stomach The Daily Yomiuri, March 10, 2008 p7

"Nearly 90 percent of wheat consumed in Japan is imported, mostly from Australia, Canada and the United States. Stipulating wheat a "staple food" under the law concerning foodstuffs, the central government imports nearly all wheat on its own to ensure a stable supply and sells it to flour mills at set prices."

"With rice consumption levels continuing to drop, the amount of wheat consumed in Japan is catching up."

"Flour is used in a large variety of products, including bread, cake, noodles and tempura batter. It is hard to imagine a dining table in Japan without wheat."

Two Retailers Put U.S. Produce On Sale As Yen's Rise Continues The Daily Yomiuri, March 23, 2008. p7

Aeon Co. and Ito-Yokado are two large national supermarkets. On March 22, 2008 both supermarkets began special discounts on U.S. produces "to pass along to consumers the expected benefits of the recent yen's sharp climb against the dollar." Oranges, pork, broccoli and wine were sold at 20-30 percent markdowns. Aeon Co. plans to sell U.S. household items and clothes imported at discounted prices.

"A 34-year-old housewife visiting (one of the supermarkets) said: 'The price of everythinghas been rising, giving me a headache when it comes to making ends meet, so I hope more necessities will be sold at a discount.'"

Another Look at Raw Material Procurement: China Is Still Essential Nikkei MJ March 10, 2008, p23

The Chinese dumpling incident took a toll on Japanese frozen food companies. Because they lost all trust from customers they reviewed manufacturing processes and guidelines, and added their own pesticide analysis procedures. Even though the cost to analyze products will probably double, one frozen food company believes that in the long run China will still remain as an important supplier.

Editor's note

Importers have for years depended on Chinese products. Now, many have scrambled for other country sources (ATO Japan has sent out requests to U.S. producers), but is this a temporary measure or has the Japanese food industry learned a lesson? In any case, this is an opportunity for U.S. agriculture to develop new business and/or build long term relationships in Japan.