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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: Wal-Mart announces plans to open first store in Japan by 2002; Starbucks to open its 200th shop in Japan; Japan's Agriculture Ministry announces new food recycling law; Tokyo Metropolitan Government creates its own label for biotech products; and fresh food sales increase in November at national supermarkets while overall food sales decline.

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Food Business Line

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Wholesale/Retail

- The world's largest retailer, *Wal-Mart*, plans to launch a Japan office this summer and open its first store by 2002. The location is not yet decided. (a 1/1)
- According to the *Japan Chain Stores Association*, total sales of national supermarkets in November declined 5.1% compared to the same period last year on a same-store basis. This is the 24th consecutive month of decline. Fresh food sales increased by 1.4%, while overall food sales declined by 2.9%. (b 1/11)
- Delivery services in supermarkets and department stores are gradually expanding. Stores such as *Mycal*, *Izumiya*, and *Keikyu Department Store*, have started to offer delivery of products purchased in their stores for about 300 yen per delivery. Some stores even offer free delivery for the elderly. (a 1/19)
- *Daiei* has compiled a labor restructuring plan which includes salary cuts and recruitment of 1,000 employees from the main office willing to leave the company or retire early. (a 12/30)
- To concentrate on larger-scale supermarkets and increase efficiency, *Daiei* plans to transform 56 food-based supermarkets (1000-3000 m² in size) into *Maruetsu* stores in the Kanto region and into *Sakae* stores in the Kinki region. (a 1/10)
- *Daiei* announced a new strategy on January 10 whereby the group's existing general merchandise stores (*Daiei*; 213 stores), discount stores (*Dmart*, *Topos*, *Pandor*; 30 stores), large-scale general discount stores (*Hypermart*; 31 stores), and membership discount stores (*Kous*; 6 stores) will be located together in a "Category Value Center." They plan to be competitive with other up-and-coming specialized discount stores. (a 1/11)
- *Mycal* announced on January 11 that President Utsunomiya will resign his position, and Mr. Shikata will take over as President following their general stockholders meeting in late May. (a 1/12)

Food Service

- *Starbucks Coffee Japan* will open its 200th shop in Japan in Tachikawa City inside the Isetan Department Store. (b 1/16)
- *Skylark* plans to double the number of their restaurants which offer "Room Service" delivery service to 1,000 by the end of this year. (a 1/5)

Food Processing/New Products/Market Trends

- Japan's Agriculture Ministry (MAFF) has decided to require major food companies to reduce their garbage by 20% under the new food recycling law which is scheduled to take effect this April. MAFF plans to disclose the names of companies who do not achieve the target reduction amount, and may even fine violators. (a 1/4)

- With the new JAS labeling standard for GM products scheduled to take effect in April, the Tokyo Metropolitan Government has decided to create a symbol to easily identify products which have involved high bio-chemistry technology, such as cloning and GMOs. (a 1/19)
- MAFF will step up its safety inspection of livestock raised on GM feed. They will start inspecting dairy cattle and hogs this month, in addition to broilers. (a 1/3)
- According to MAFF, the net supply of potatoes, starch, vegetables, fruit, meat, sugar, fat and oil increased in 1999, while the supply of rice, beans, and fish declined. (e 1/17)
- MAFF will start an "Agribusiness Management School" in June, where they will support farmers in expanding business through internet sales and food processing. MAFF plans to help farmers become independent from agricultural cooperatives, which means a shift from their usual production-focused policy support system. (a 1/19)
- Washington State is attempting to increase its share of the premium wine market in Japan. *Orca International* is featured as one of the newest importers of Washington wines. (c 12/27)
- On January 8, the President and Vice President of *Ajinomoto* Indonesia were arrested for using a pork extract additive in the company's widely sold cooking seasoning, "Ajinomoto." In Indonesia, food is labeled as Halal when authorized as not infringing on Islamic law by the *Muslim Leaders Conference*. However, *Ajinomoto* started using the pork extract ingredient last year without applying for permission to Indonesia's Health Ministry. (a 1/9)
- On January 16, *Rockfield* will open its *sozai* side dish shop, Salad Bag, inside the office building of a major electric household appliance manufacturer. Ingredients are pre-cooked in a central kitchen in Tokyo's Marunouchi district and delivered to stores. Rockfield plans to expand the number of shops, starting with nearby office buildings. (b 1/16)
- According to an announcement by five major brewing companies on January 15, beer shipments declined 4.5% in 2000 compared to the previous year, while malt liquor shipments increased 15.2%. (a 1/16)
- In March 2001, *Nichirei* will start selling frozen organic vegetables certified under the revised JAS law in supermarkets nationwide. *Nichirei* was able to reduce the price of their product by contracting with local Chinese vegetable farmers and processing the final product in China. There will be five varieties, including spinach, taro, and a Japanese vegetable mix. (a 1/17)
- *Yukijirushi* (*Snow Brand*) and *Itochu Corporation* announced January 18 that they had begun discussions to combine their frozen food businesses. *Snow Brand* will first begin by cooperating with *Yayoi Food*, a frozen food subsidiary of *Itochu Corporation*, in the areas of production, sales and procurement. (a 1/19)

ATO/Cooperator/Competitor Activities/Trade Shows

- *The Japan Food Journal's* 21st Century Foodservice Restaurant Seminar was held on December 19 at the Irish Ambassador's residence. Irish cuisine and Irish Christmas table settings, which are growing in popularity in Europe, were demonstrated. (c 12/27)
- French *Sperkom* will hold an international food distribution and food service trade fair from January 20-24. There will be a cooking contest with chefs competing from 22 countries. Chef Hamano of the *Tokyo Prince Hotel* will participate from Japan. (b 1/11)
- With the cooperation of *Egami Cooking School*, the *Almond Board of California* held a New Years feast cooking seminar in December 2000. (f 1/18)

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Sources

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| (a) The Nihon 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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