



JAPAN Food Outlook 2004-05

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Introduction

- 1. Macro Economic Situation**
- 2. Food Consumption and Production**
- 3. Food and Agricultural Policy**
- 4. Food Trade**
- 5. Food Industry and Marketing**
- 6. The Role of Infrastructure in the Food System**

Macroeconomic Situation and Outlook (growth rate %)

FY	2000	2001	2002	2003 (estimate)	2004 (outlook)	2005 (outlook)
GDP Real (current)	1.7	-1.4 (-2.5)	1.2 (-0.7)	3.2 (0.6)	1.8-2.7 0.5-0.8	1.6-1.8
Consum. Real (current)	0.6	1.5 (-0.1)	1.0 (-0.2)	1.0 (-0.7)	1.1 (0.2)	-0.1-0.5 1.1 (0.2)

Prices and Consumption

FY	2000	2001	2002	2003 (estimate)	2004 (outlook)	2005 (outlook)
Whole-sale Price(%)	0.0	-2.4	-1.6	-2.6	-0.4	-0.4
Cons. Price(%)	-0.5	-1.0	-0.6	-1.2	-0.2	-0.2
Food Price	-1.3	-1.4	-0.1	0.0	1.0	0.0
EX. Rate (V\$)	110.5	125.1	121.9	113.6	115.0	115.0
Oil Price (CIFV/kl)	13052	12471	13545	14088	12623	12534

Moderate recovery is expected

- In FY2004, stimulated by the recovery of the world economy, industrial production and private non-residential investment are expected to continue to increase moderately.
- The employment and income situations are anticipated to move towards recovery.
- This improvement is expected to gradually spread to household sectors, though there is a concern that the deflationary trend will continue.
- Deflationary pressure will gradually diminish due to the recovery of demand and the measures by the government and BOJ.
- The growth rate of real GDP is projected to be about 1.8% (with the nominal GDP growth rate of about 0.5%) by the Japanese government.

Food prices and Consumption

- Food prices are expected to stabilize after falling: 1.3% in FY 2000 and 1.4% in FY 2001. They rose, an estimated 0.8% in FY 2002 and 1% in 2003.
- Food consumption expenditure per capita in real terms declined 2.2% in 2003 after weak recovery of 0.5% in 2002 following a five-year decline.
- Expenditures on major foods have declined except oil, seasoning, prepared foods, and beverages.

Agricultural Production

- Recovery in 1999-2000 from a declining trend since 1996; returned to declining direction again in 2001.
- Agricultural production index has shown:
 - up 1.6% in FY1999, up 0.3 % FY2000, down 1.7% in FY2001, and down 1.1% in 2002.
 - decline of rice production in FY2002 has contributed most to the loss.
 - livestock production recovered from the declining trends especially beef which suffered the effects of BSE incidence.
- The crop production in 2002 was severely affected by low summer temperatures. Rice production was most seriously damaged by the cold weather, and the crop index was 90.
- Agricultural production in 2004 is expected to recover from the decline in 2003.

Agricultural Producer Price

- **Agricultural prices declined 1.8% in 2002 but recovered 6.5% in 2003 because of the short supply of rice.**
- **Declining price trends are hoped to turn to increase in the long run.**
- **Agricultural input prices declined 0.9% in 2002 and are expected to increase 0.7% as prices of feed and electricity, fuel, and fertilizer go up.**

Agricultural Trade

- Since 1990, imports of livestock products, including beef and pork, have risen sharply.
- Imports of fresh vegetables have also been on an upward trend against a background of dwindling domestic vegetable production, and expanding demand from the food industry.
- Japan's share of global imports of agricultural products is also increasing.
- Imports of processed food are gaining in agricultural imports.
- Japan accounted for only 2.1% of the global population in 2000, but its share of global imports of agricultural products in terms of value was 5.5 times higher, or 11.5%, ranking third in the world.
- Japan ranked first in imports of wheat, corn, and meat, with shares of 7.4%, 20.2%, and 28.3%, respectively.
- Exports of agricultural products are less than 10% of imports (Yen 4.3 trillion in 2002).

Food Imports by Country

- In 2002, the United States ranked first, accounting for 35.8% of Japan's total imports. China ranked second, representing 12.1%, followed by Australia at 7.7%, Canada at 6.5%, and Thailand at 5.3%.
- Together, these five countries supplied about 70% of Japan's agricultural product imports in terms of value.
- While the top three countries - the United States, China, and Australia - have not changed, China's portion has risen remarkably, from 7.8% in 1992.
- The U.S. shares for corn and soybeans are overwhelmingly high.

Food Policy

- **Japan has come late to negotiate FTAs with developing countries such as Korea, Mexico, and China and with ASEAN since the Japan-Singapore Economic Partnership Agreement launched in Jan. 2001 followed by the Japan-Mexico Agreement in 2003.**
- **BSE incidences in Sep. 2001 brought reorganization of the food safety control system in Japan. Beef consumption has shown recovery since the latter half of 2002.**
- **Outbreaks of BSE in USA and Canada have obliged Japan to terminate beef imports from USE and Canada. The dispute about a BSE test with USA is still ongoing.**

Restructuring Agricultural Policy

- The guideline for restructuring rice policies was announced in Jan. 2003.
- Targets for the new rice policy toward 2010 are as follows;
 - More than 60% of production will be produced by efficient core farmers.
 - The rice supply-demand adjustment system run by farmers and agricultural organizations should be worked out by 2008 in collaboration with government.
 - Measures for a new rice distribution system targeted to adapt quickly to market change will be applied.
- Pricing system for wheat are now under market.

Food Self-Sufficiency Ratio

(%)

	1975	1985	1995	2000	2001	2002
Rice	110	107	104	95	95	96
Wheat	4	14	7	11	11	13
Beans & Pulses	9	8	6	7	7	7
Vegetables	99	95	85	82	82	83
Fruits	84	77	49	44	45	44
Milk & Milk Products	81	85	72	68	68	69
Meats	77	81	57	52	53	53
Sugar	15	33	30	29	32	34
Fish & Shellfish	99	93	65	53	48	46

Food Self-Sufficiency Ratio (continued) %

	1975	1985	1995	2000	2001	2002
Cereals (Food & Feed)	40	31	30	28	28	28
Cereals (Food)	69	69	64	62	60	61
Food Energy	54	53	43	40	40	40
Food Value	83	82	74	71	70	69

Note: MAFF, Japan “Food Balance Sheet” 1975-2002

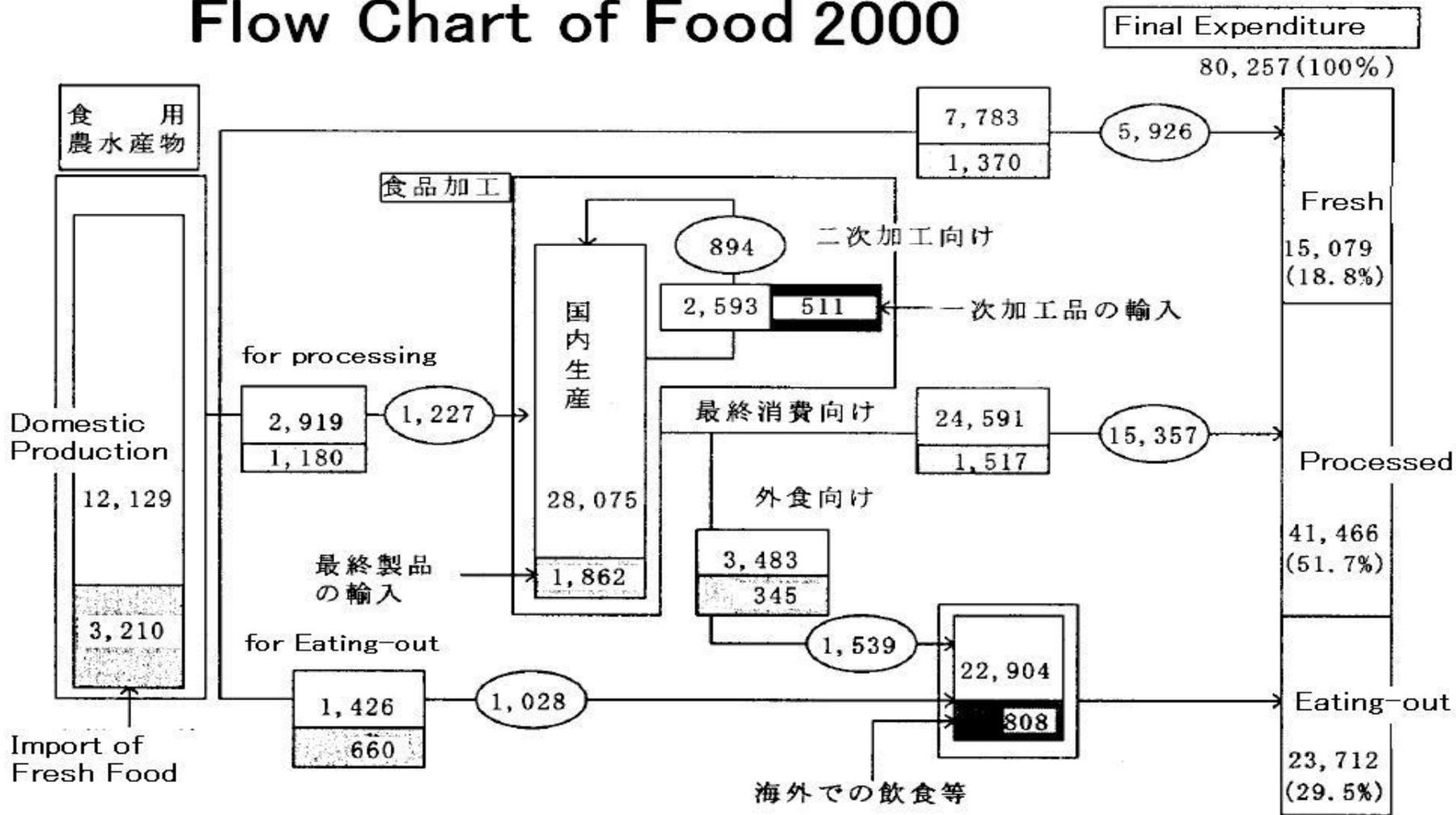
Food Industry

- Gross Domestic Production of Agriculture and Food Industry
in FY 2000 trillion yen

Total	53.5
Agriculture & Fisheries	6.9
Food Processing	14.1
Distribution and Restaurant	20.1
Relevant Investment	10.5
	1.9

- In terms of Sale,
20% perishable food, 50% processed foods,
30% away-from-home meals.
- The percentage of perishable foods is declining while processed foods and eating-out are increasing.
- Number of food retailers per ten thousand people is 38.5; comparable numbers are 6.6 in the U.S., 13.7 in Great Britain, and 29.7 in France .

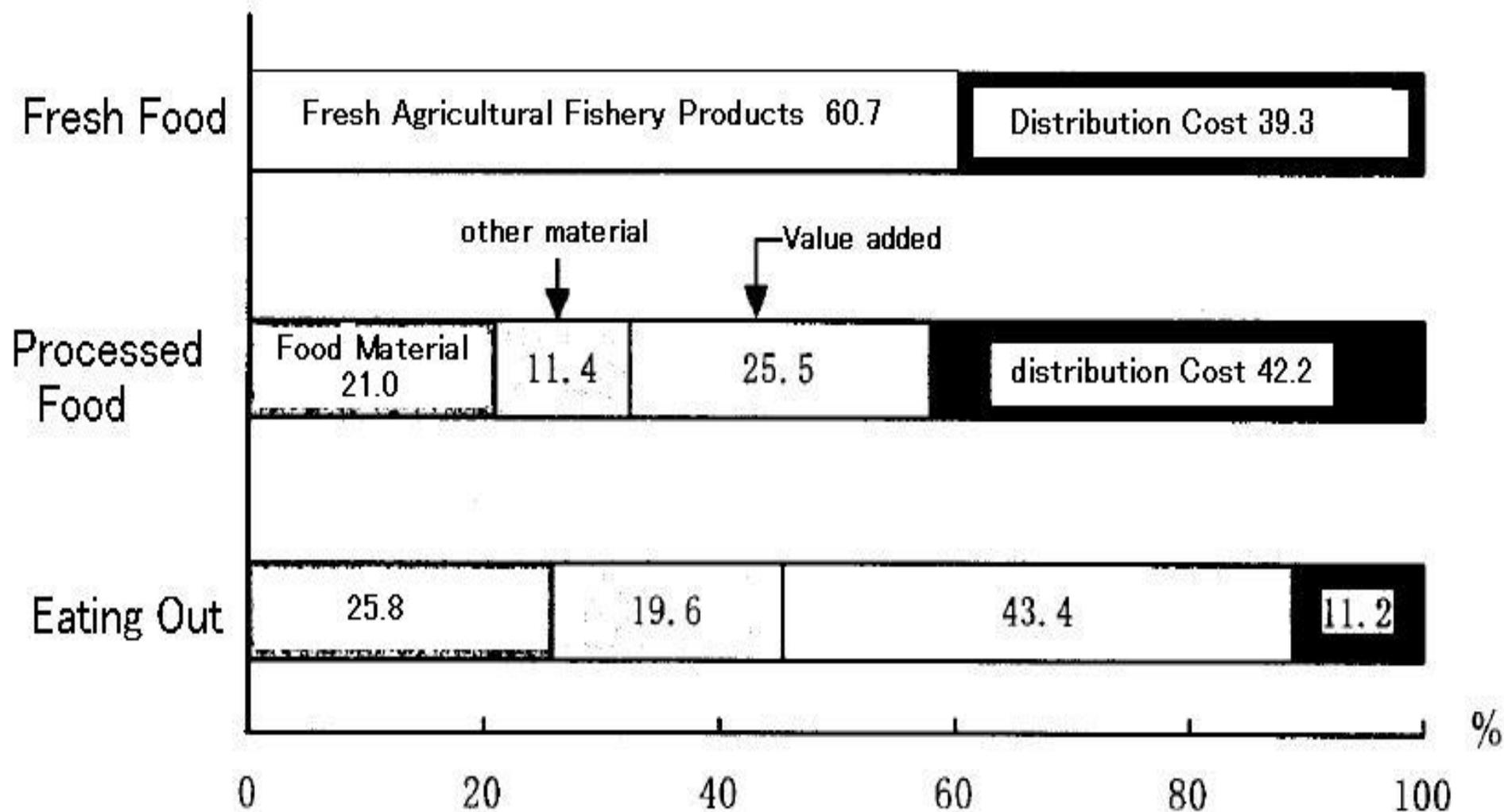
Flow Chart of Food 2000



note: calculated from I-O Table 2000 by MAFF

- 注：1) 飲食費の最終消費額80兆3千億円に至る流れを表している。
- 2) ○ Indicates distribution cost including transportation cost
- 3) 農水産業には特用林産物（きのこ類等）を含む。
- 4) 飲食費の最終消費額は、旅館・ホテル等で消費された食材費（材料として購入）を含む。

Inputs for Food Consumption



note: Calculate from 2000 I-O Table by MAFF

Marketing

- Food Marketing is heading for:
 - Electronic commerce: full use of information technologies such as the Internet,
 - Establish the optimal distribution system from production to consumption
 - Reducing and recycling waste: cyclical use of resources
 - Distribution system for recycling-oriented society.

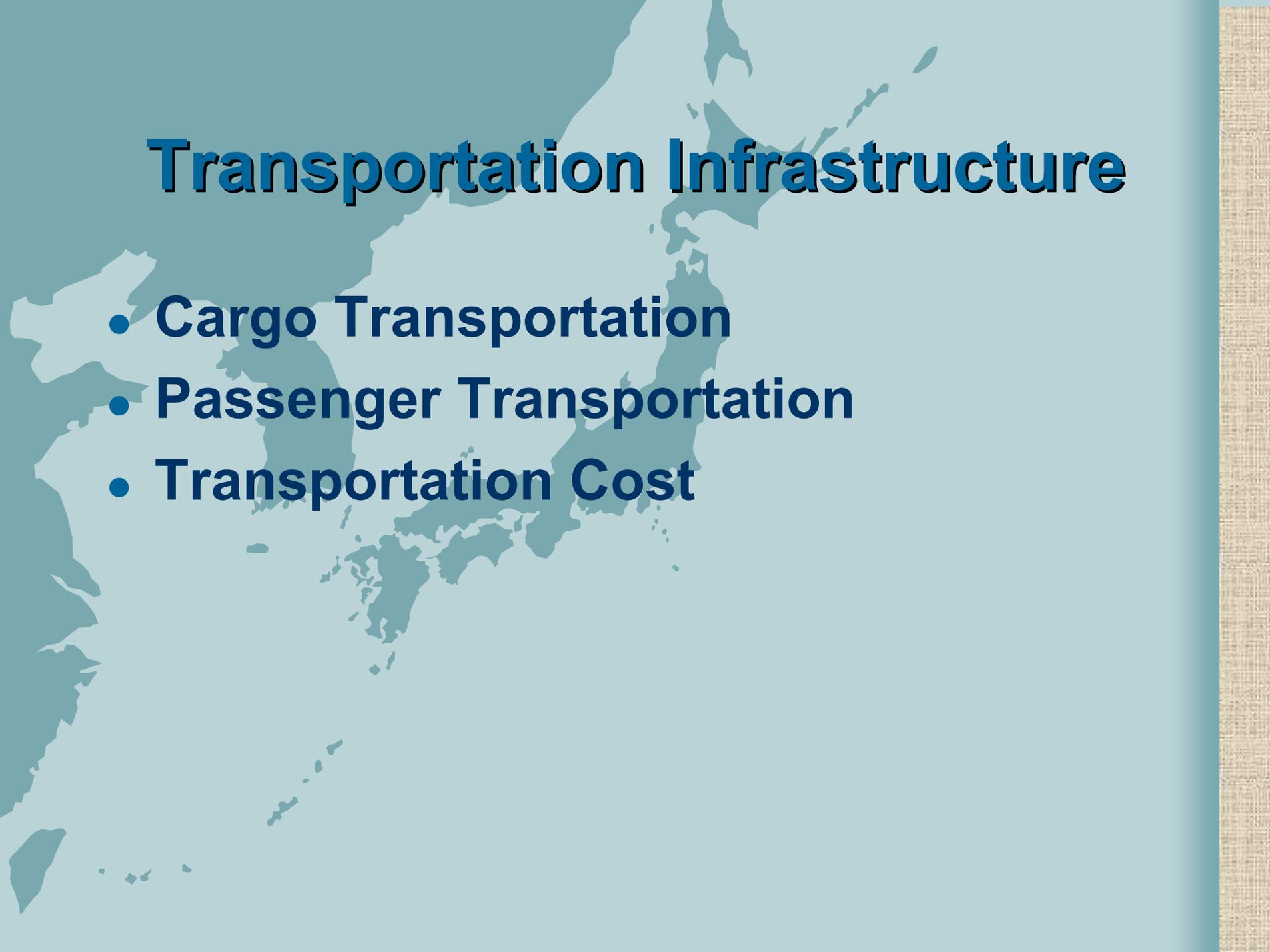
Dietary Pattern in Japan

- Dietary trends in Japan are getting closer to the western dietary pattern.
- Japanese dietary patterns have come to a stage in the middle between those of Asian countries and Western countries
- Nutritional imbalances such as excessive intake of fat and insufficient intake of iron and calcium are becoming a problem.
- Health concern to prevent lifestyle-related diseases has become popular.
- "Japanese dishes" are reviewed as nutritiously well-balanced healthy food all over the world.
- Reducing "food loss" at various stages from production to consumption is urged.
- Japanese government has published "Dietary Guideline" for improvements of nutritional balance and reduction of waste and disposal of food.

Effects of Demographic Change on Food System

- **Consumption**
 - Slower change, more vegetables, fruits, fish
 - Partial comeback of traditional Japanese diet
 - Stable demand or overall decline of demand as a result of less population
- **Agricultural Production**
 - Decaying agricultural production resource:
 - labor force is aging cultivated land is dwindling

65 years or more		
1965	19.5%	6.07million ha
2002	53.3	4.76 (22%loss)
- **Trade:** import increase of vegetables and fruits with occasional disruption (grain and livestock products may decline)
- **Processing and Distribution:** health conscious, high quality, attractive, convenient, and reasonable price



Transportation Infrastructure

- **Cargo Transportation**
- **Passenger Transportation**
- **Transportation Cost**



PRIMORYE
RUSSIA

Changchun

Ussuriysk

Asahikawa

HOKKAIDŌ

Sapporo

JILIN

Vladivostok

Nakhodka

Shenyang

Ch'ongjin

Benxi

Anshan

Kanggye

NORTH KOREA

Kimch'aek

Dandong

P'yongyang

Hamhŭng

Wŏnsan

Sea of Japan
(East Sea)

Aomori

Morioka

Akita

HONSHŪ

Yamagata

Sendai

Incheon

Seoul

Niigata

Kōriyama

Yesan

Yeongju

Iwaki

SOUTH KOREA

Daegu

Pohang

Nagano

Utsunomiya

Mito

Yellow Sea

Gwangju

Jinju

Ulsan

Matsue

Tottori

Fukui

Nagoya

Tokyo

Mokpo

Goheung

Busan

Kyōto

Osaka

Hamamatsu

Jeju

Fukuoka

Kitakyūshū

Fukuyama

Wakayama

Hiroshima

Kōchi

Ōita

Kumamoto

Miyazaki

Kagoshima

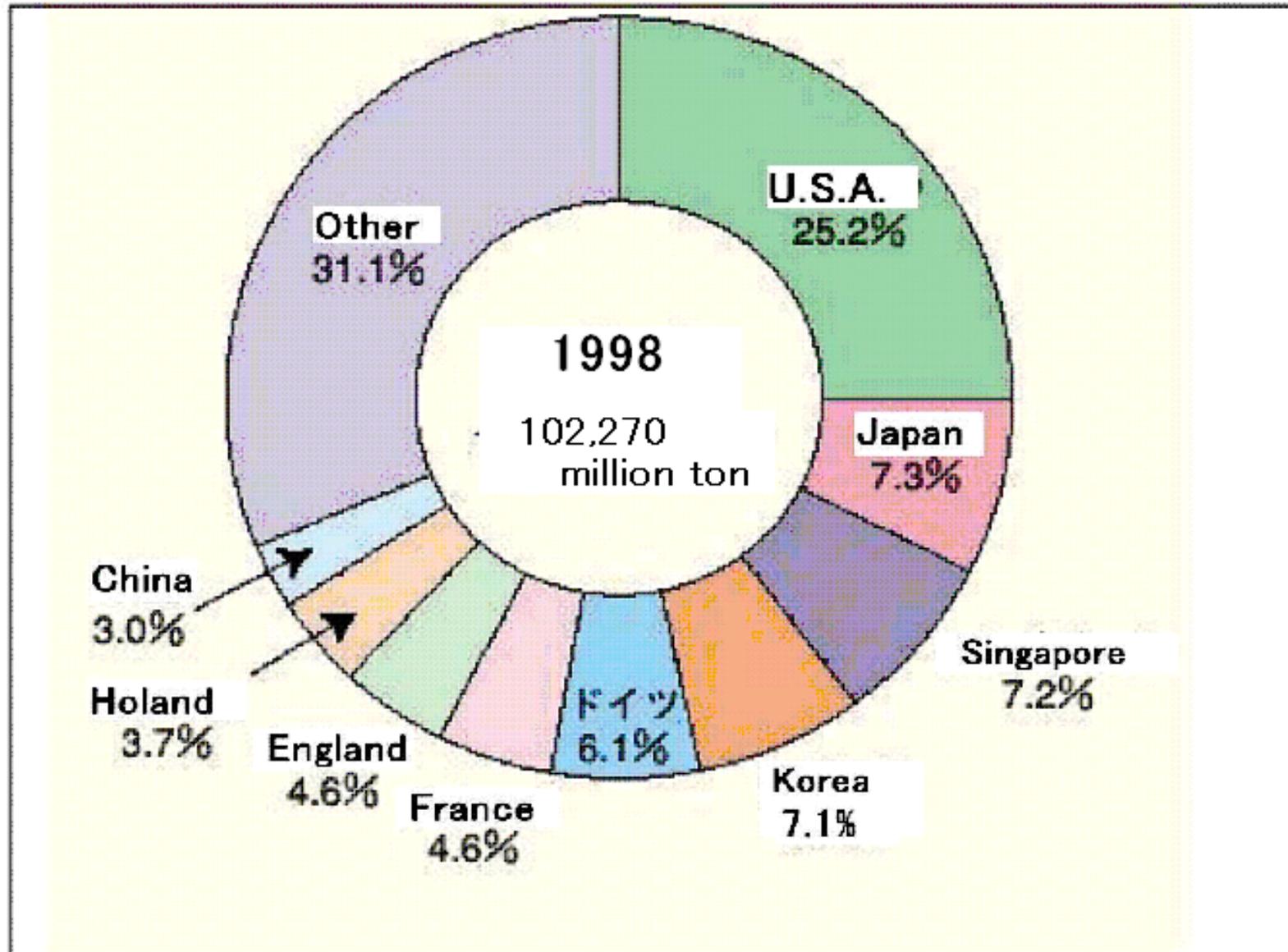
Nagasaki

PACIFIC OCEAN

East China Sea

Izu Ogasawara Ryūkyū

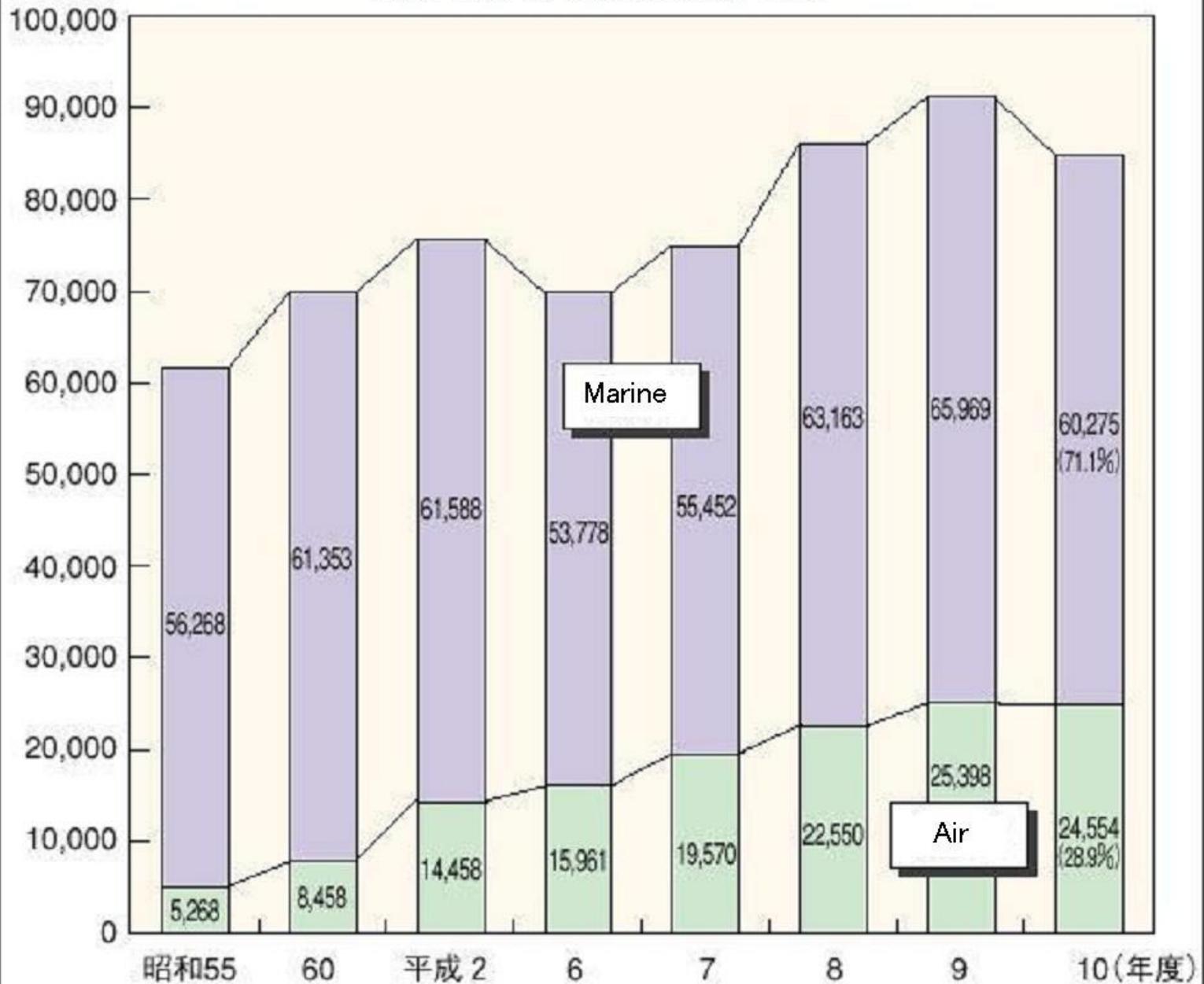
International Air Cargo Transportation by Country



note: ICAO, "Annual Report of the Council - 1998"

(Bill. ¥)

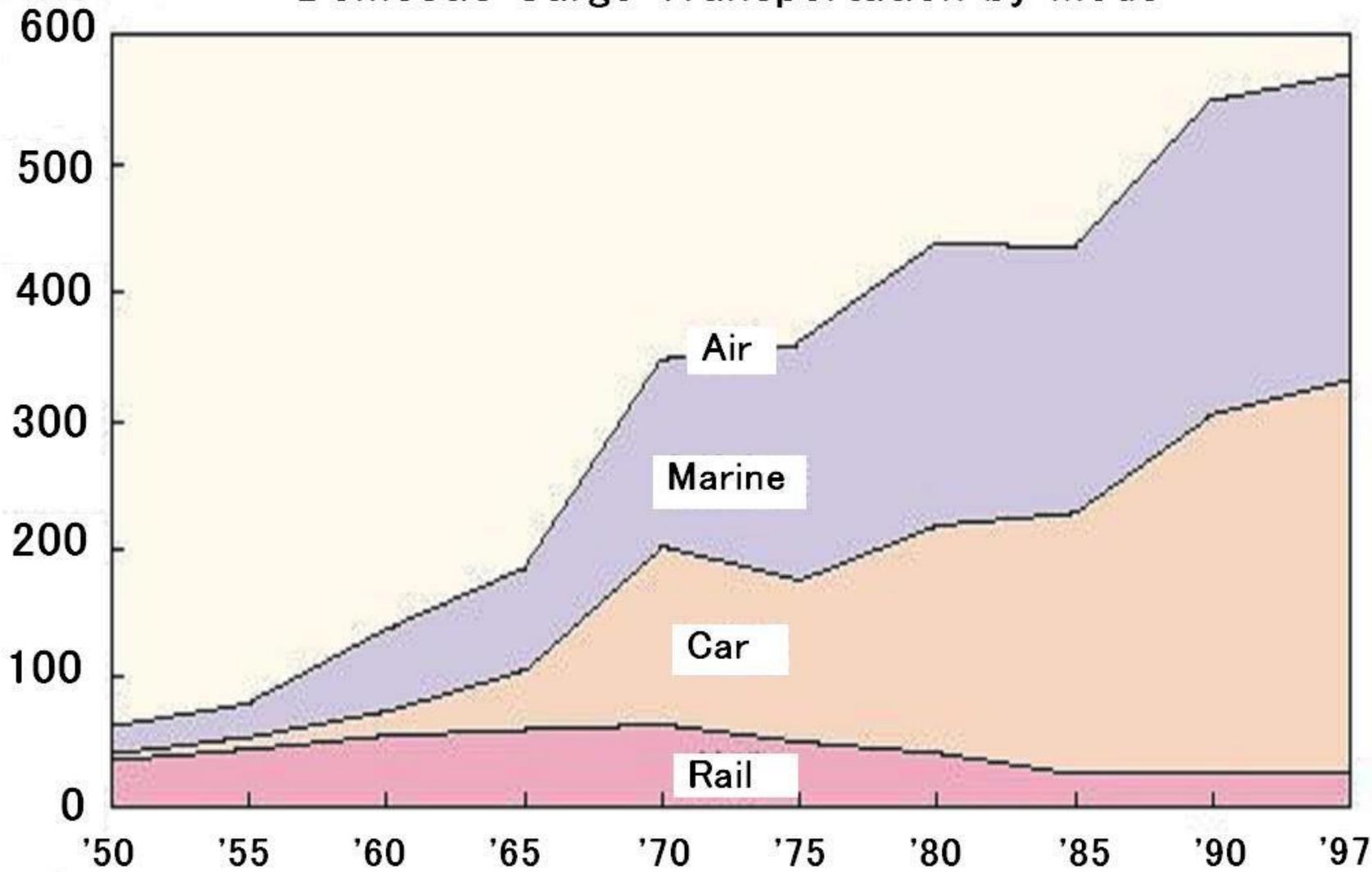
Trade Value by Transportation Mode



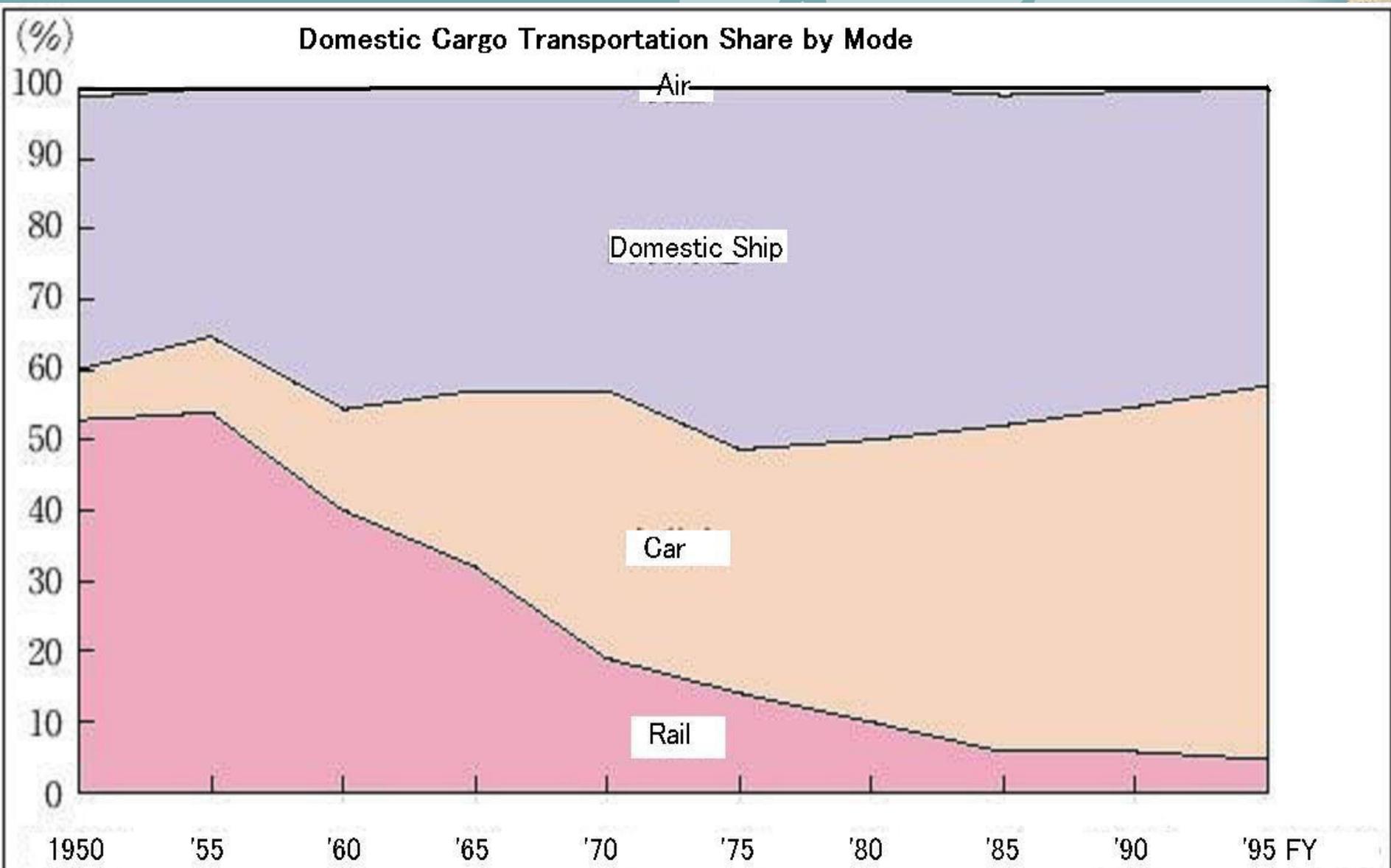
note: "Trade Statistics" Tariff Association

(Bill. ton km)

Domestic Cargo Transportation by Mode



note: Ministry of Transportation

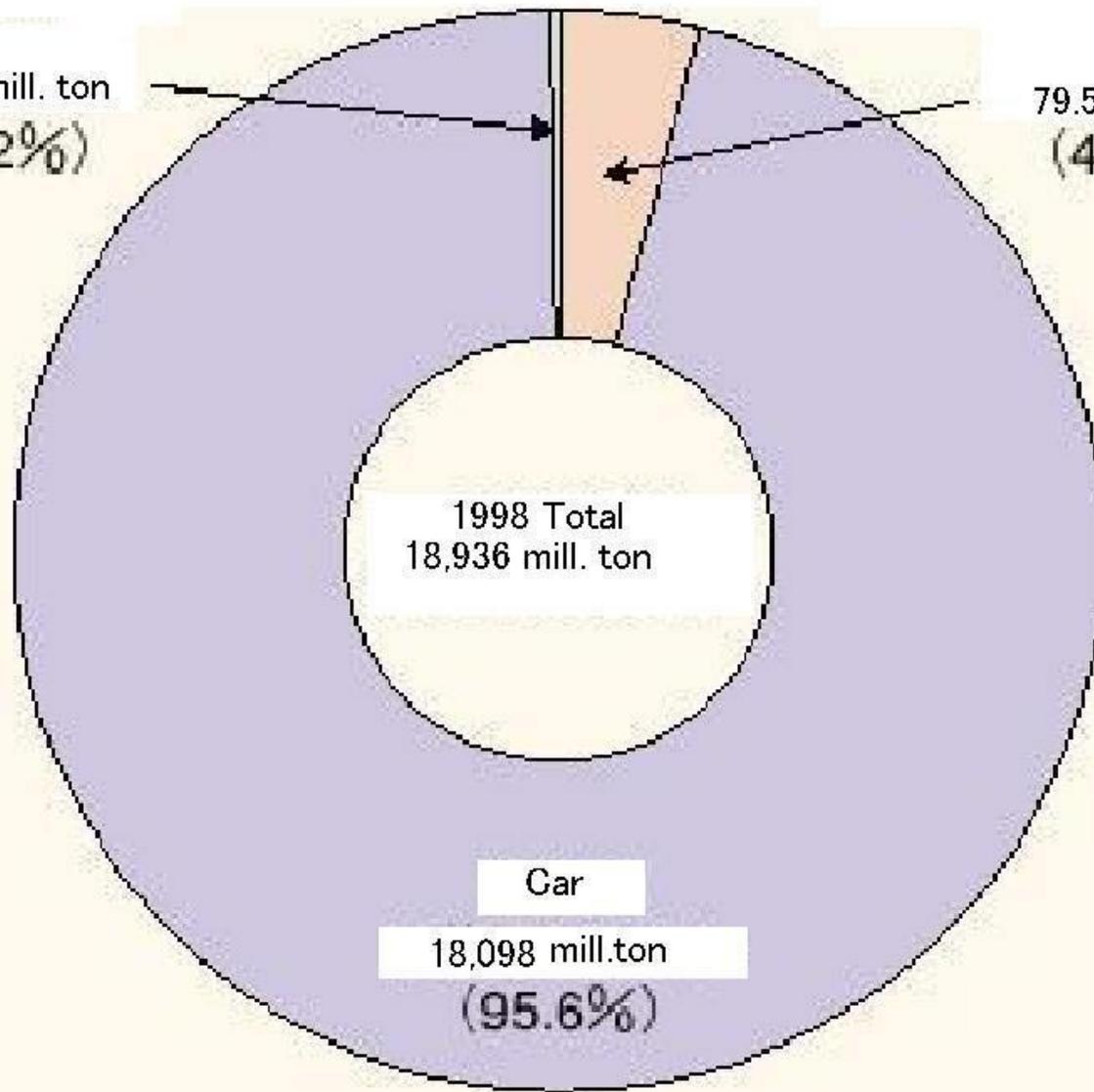


note: Ministry of Transportation

Cargo Transportation by Mode in Three Mega City Areas

Rail
4.3 mill. ton
(0.2%)

Ship
79.5 mill. ton
(4.2%)

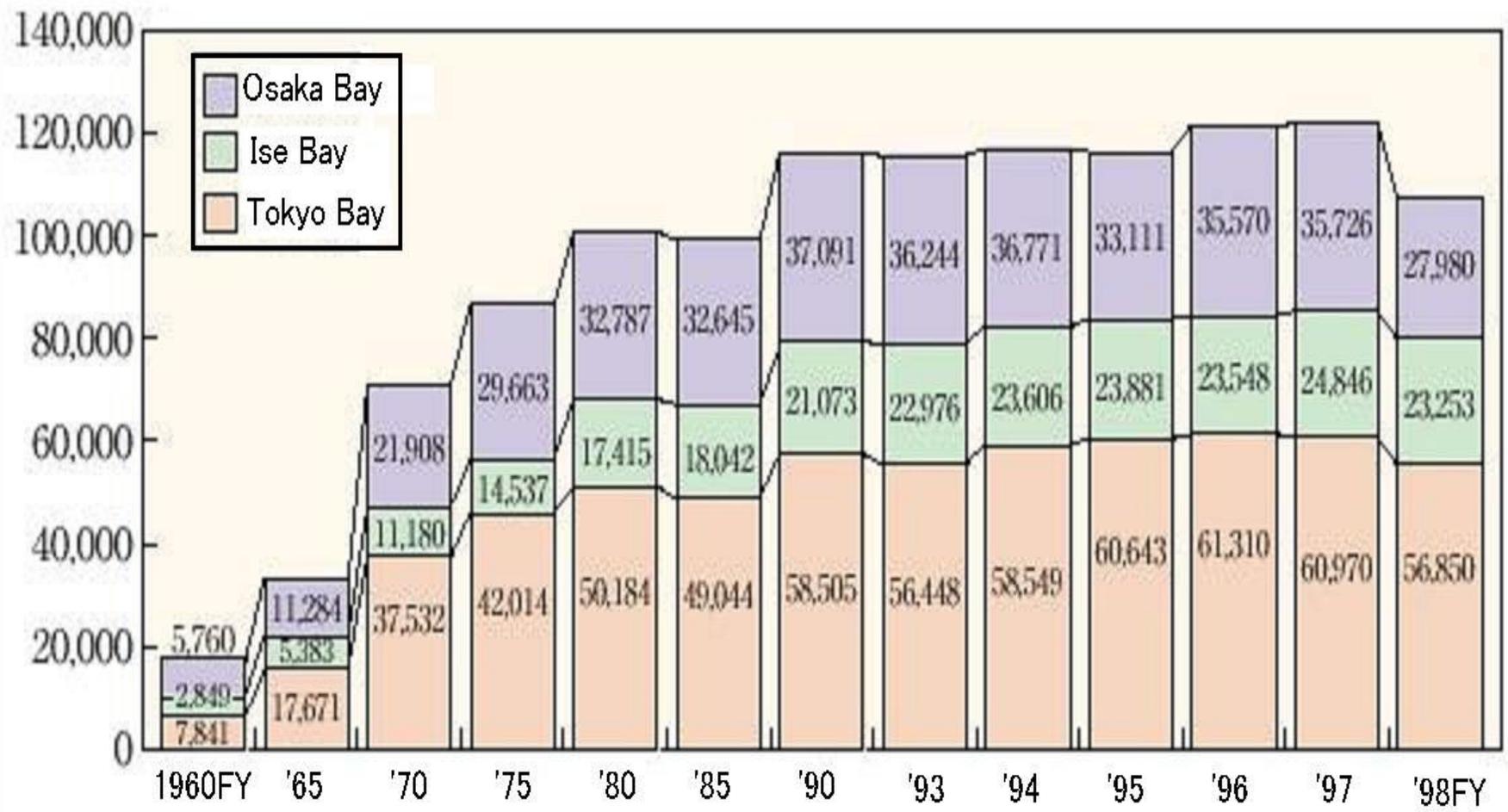


note: Ministry of Transportation
Three Mega Cities; Tokyo, Osaka and Nagoya



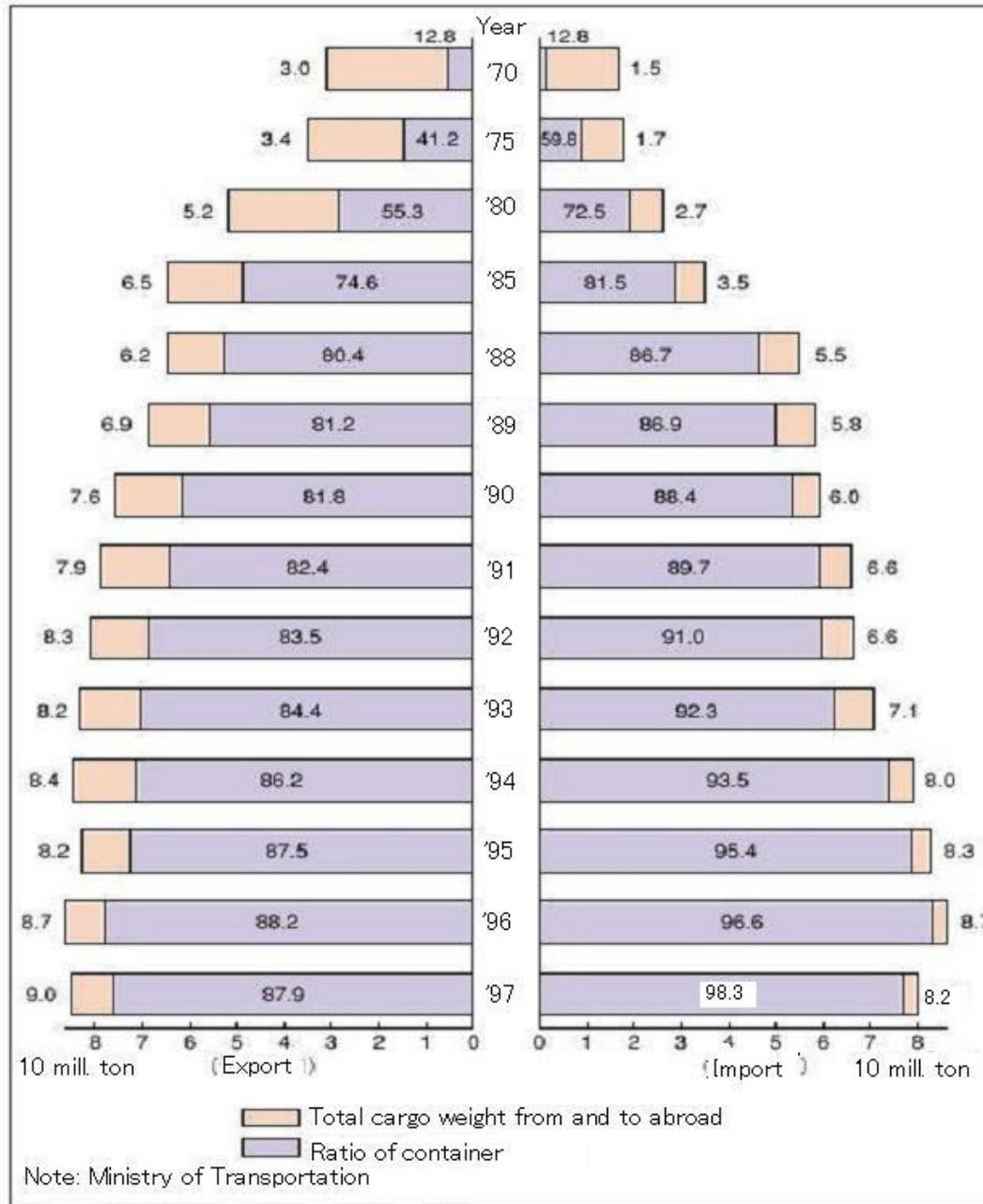
Transportation of Three Biggest Bay Ports 1960-1998

ten thou. ton

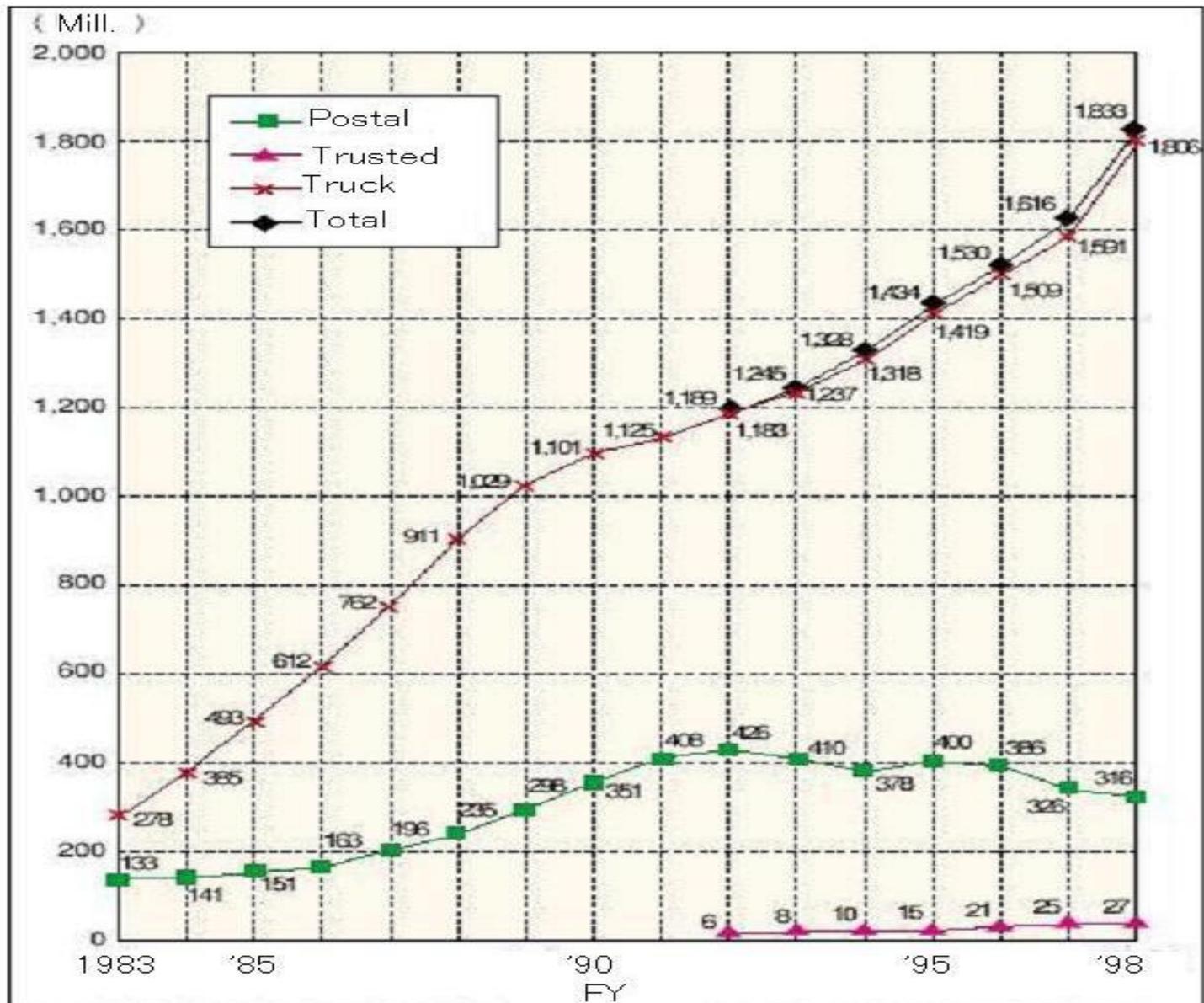


note: Ministry of Transportation

Ratio of Cotainer in Cargo

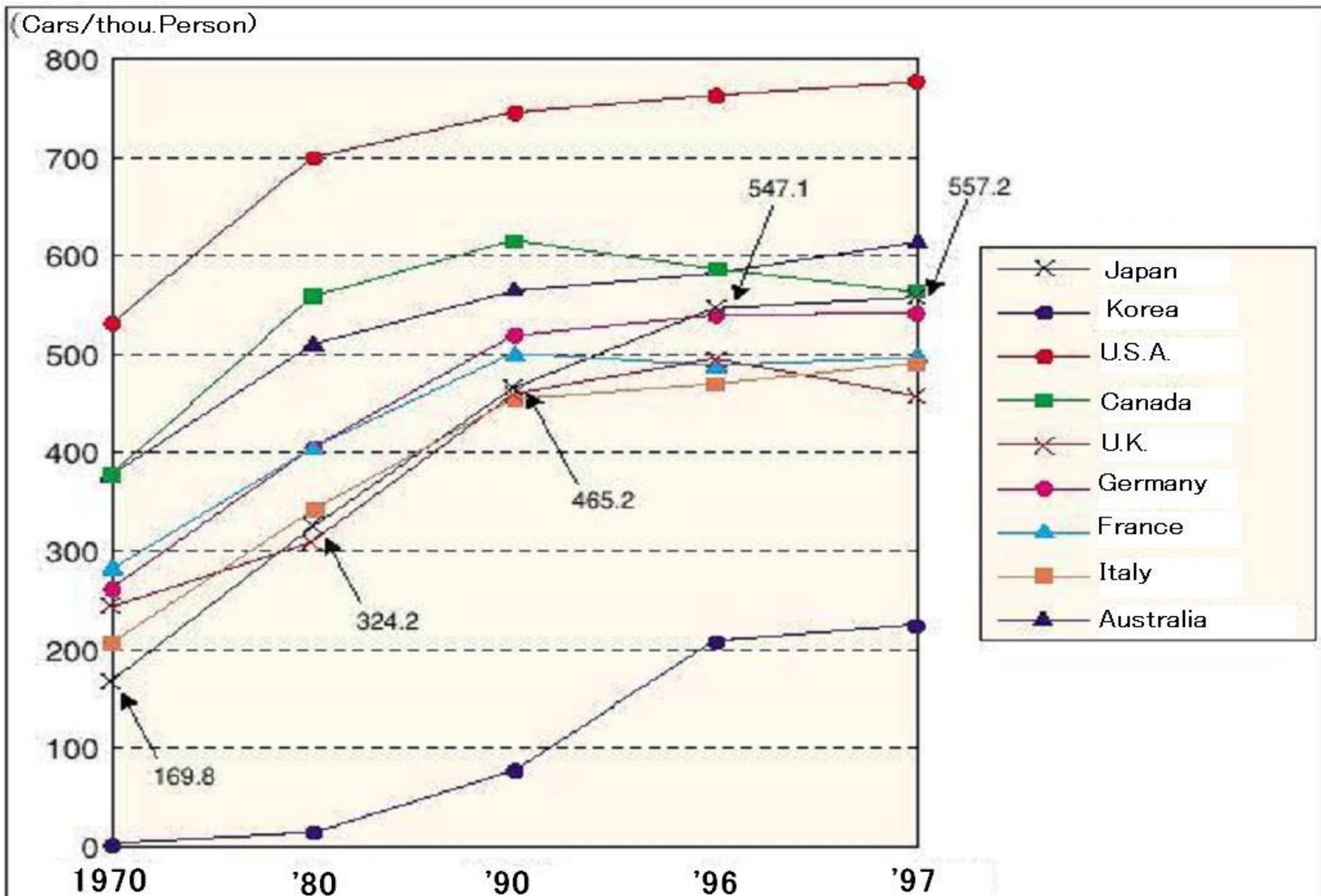


Home Delivery Parcel by Agent



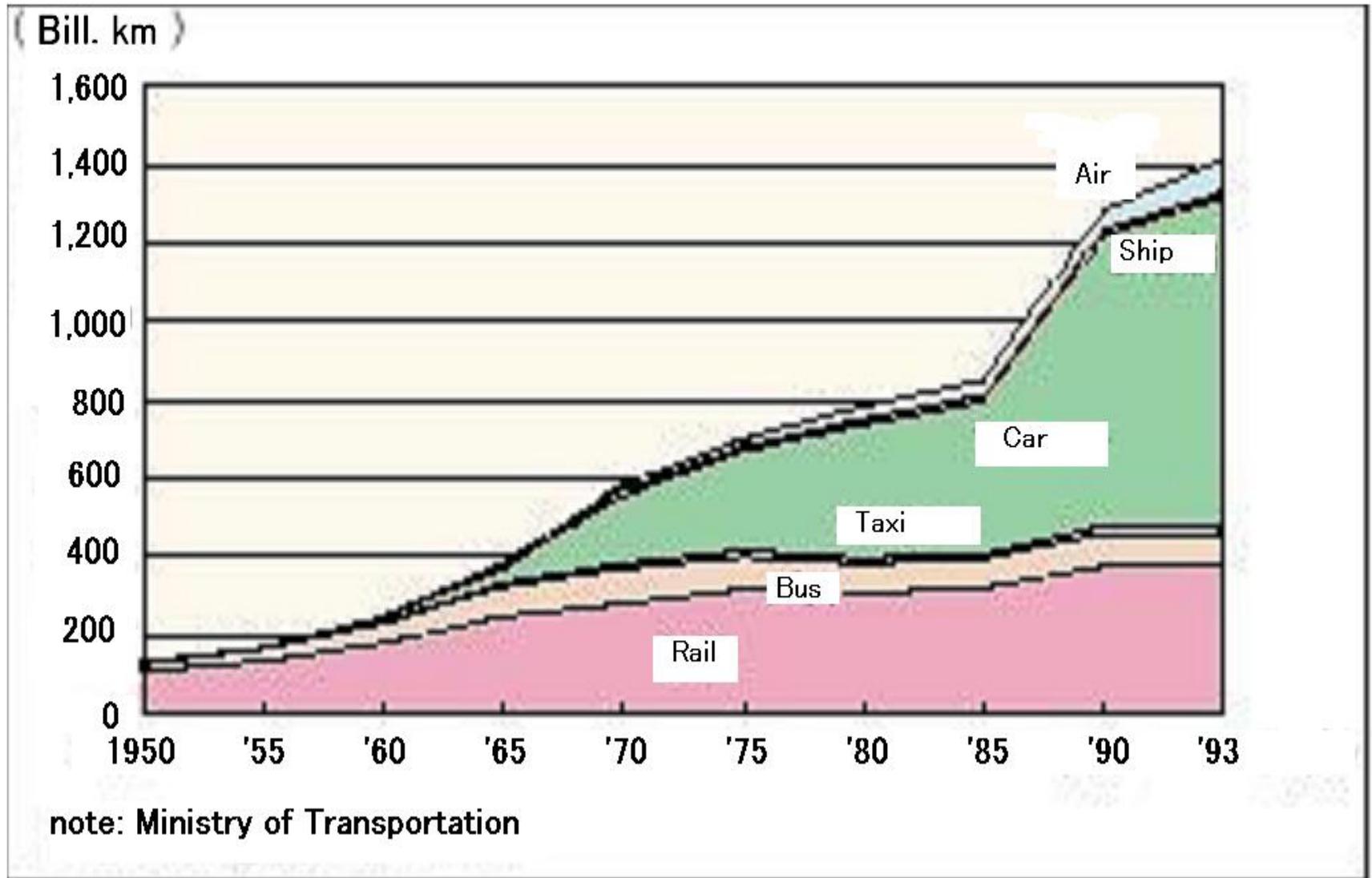
note: Ministry of Postal Service

Car Number per 1000 person by Country

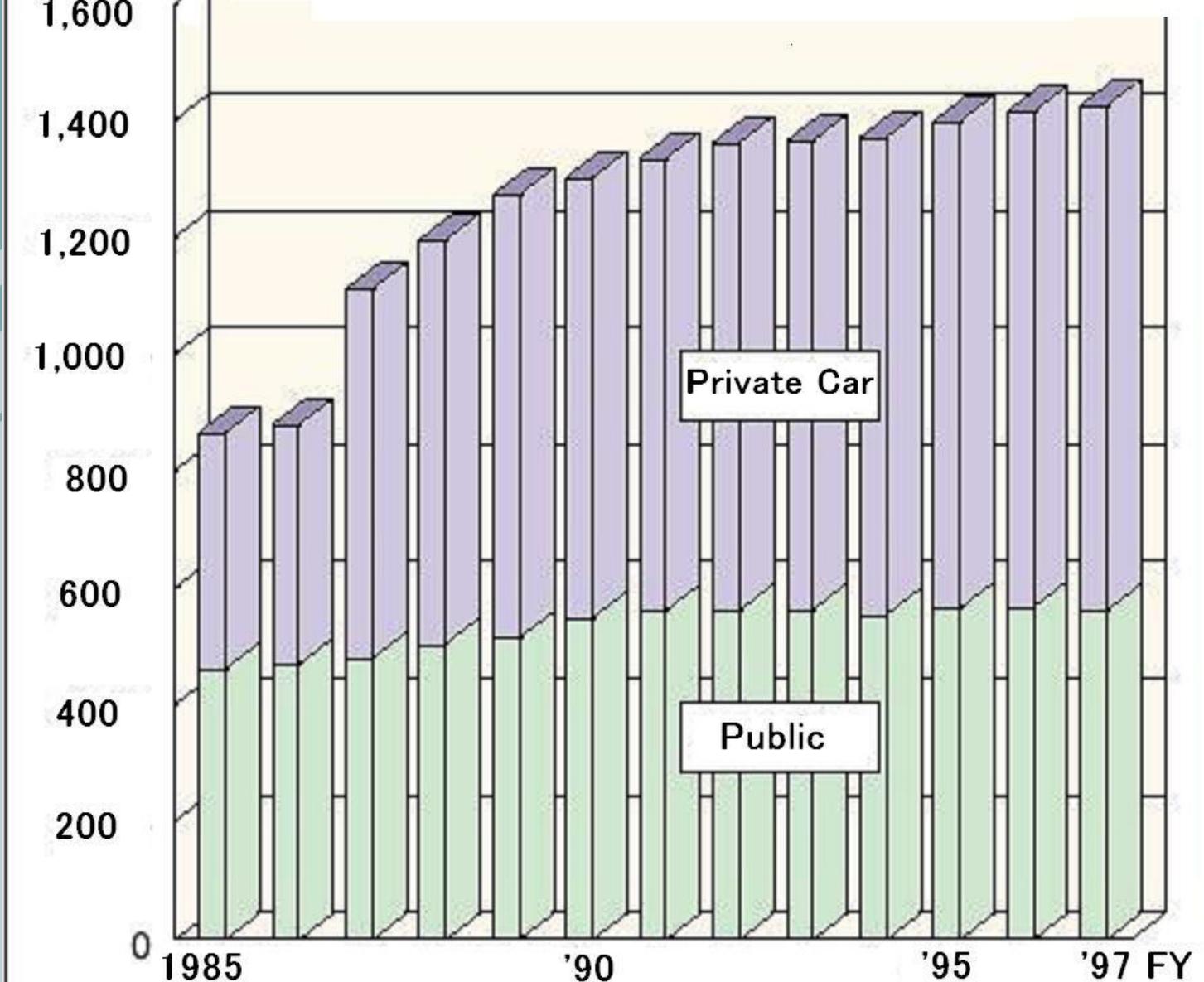


note: Japan Car association, 'Car Statistics'

Passenger Transportation by Mode

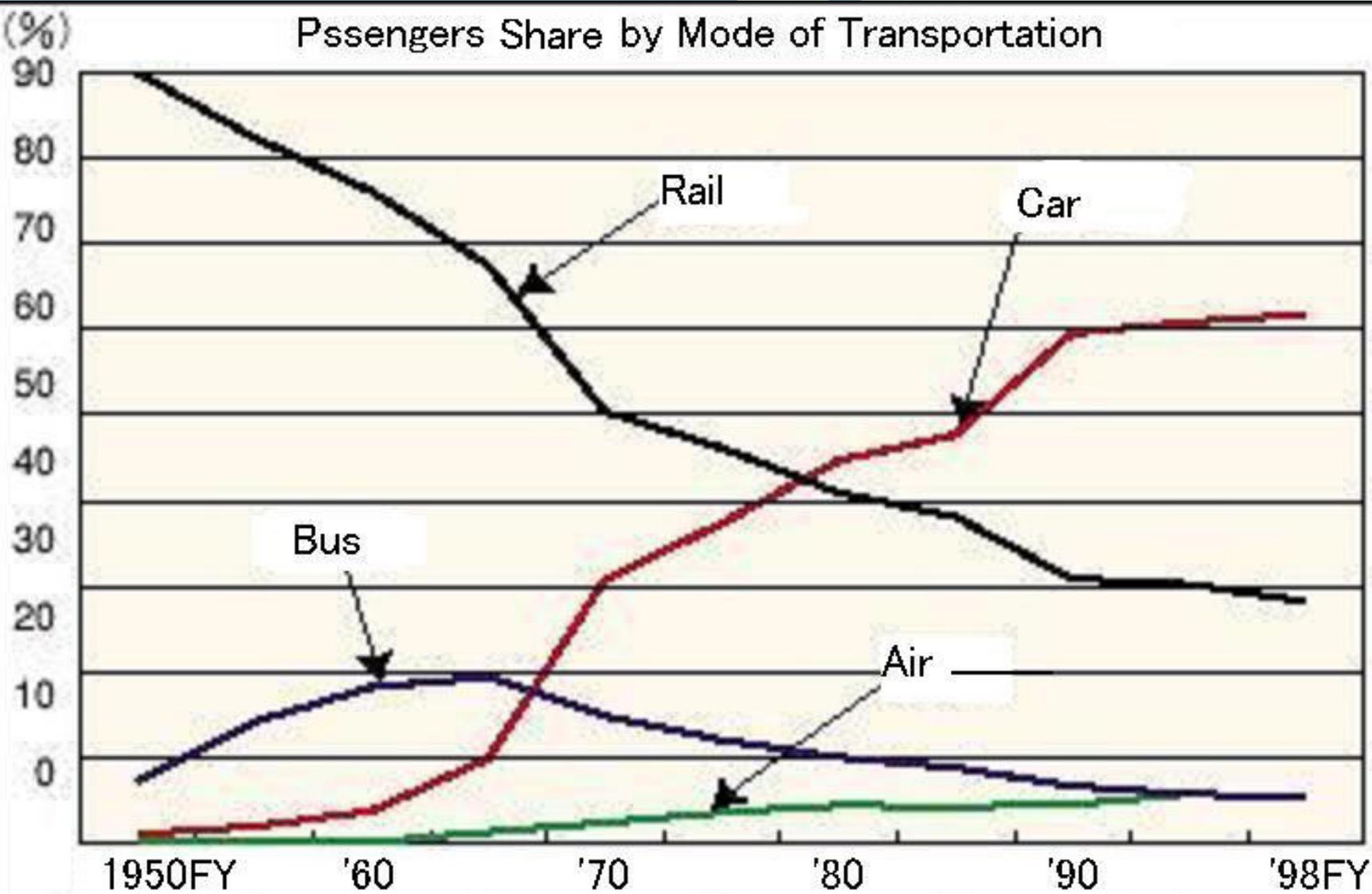


Passenger Transportation by Private & Public



note: Ministry of transportation

Passengers Share by Mode of Transportation

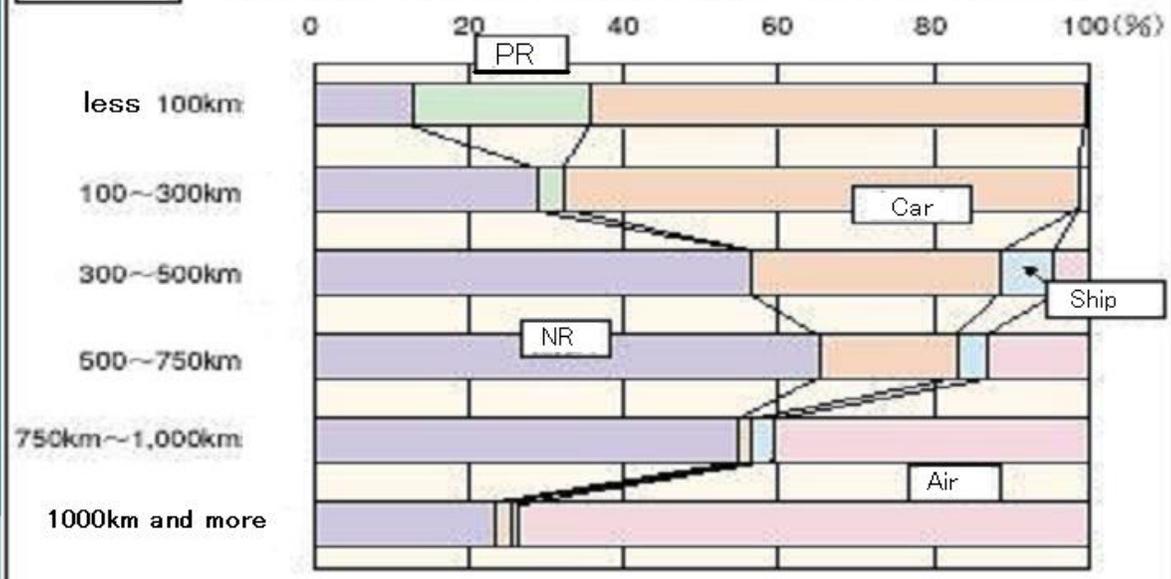


note: Ministry of Transportation

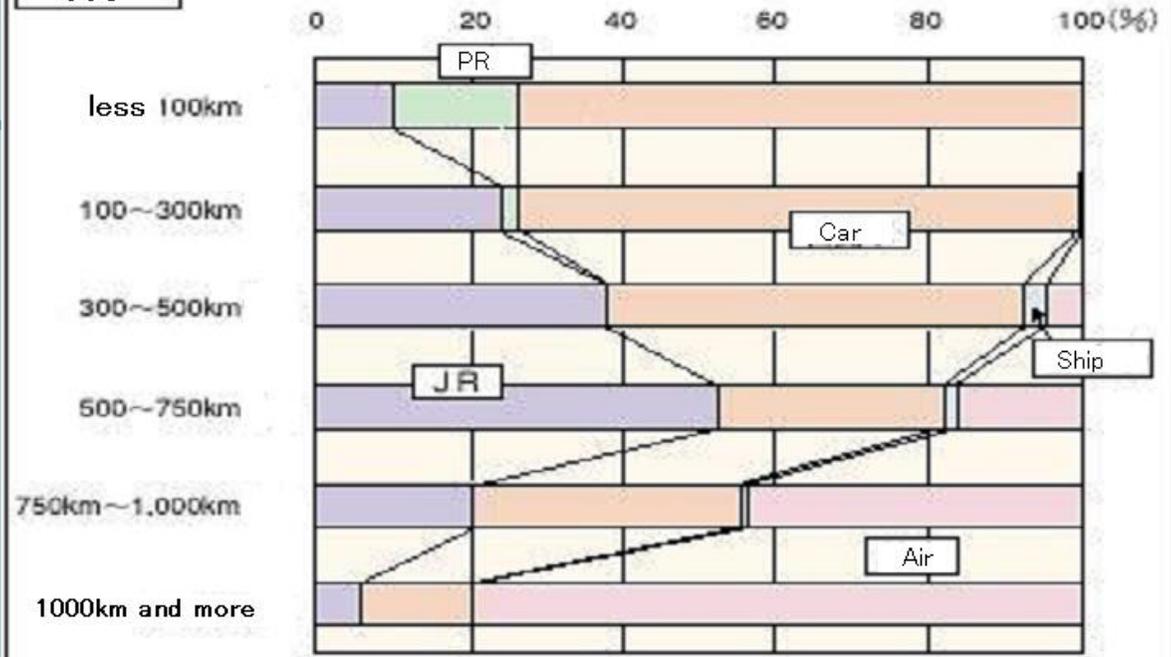


1983

Passenger Ratio by Transportation Mode by Distance

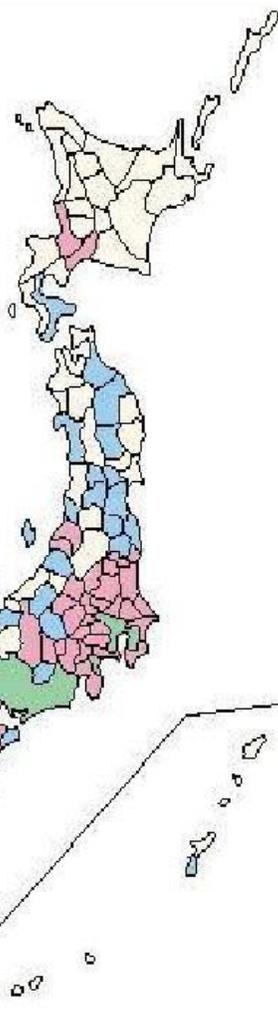
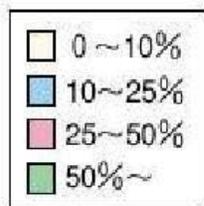


998

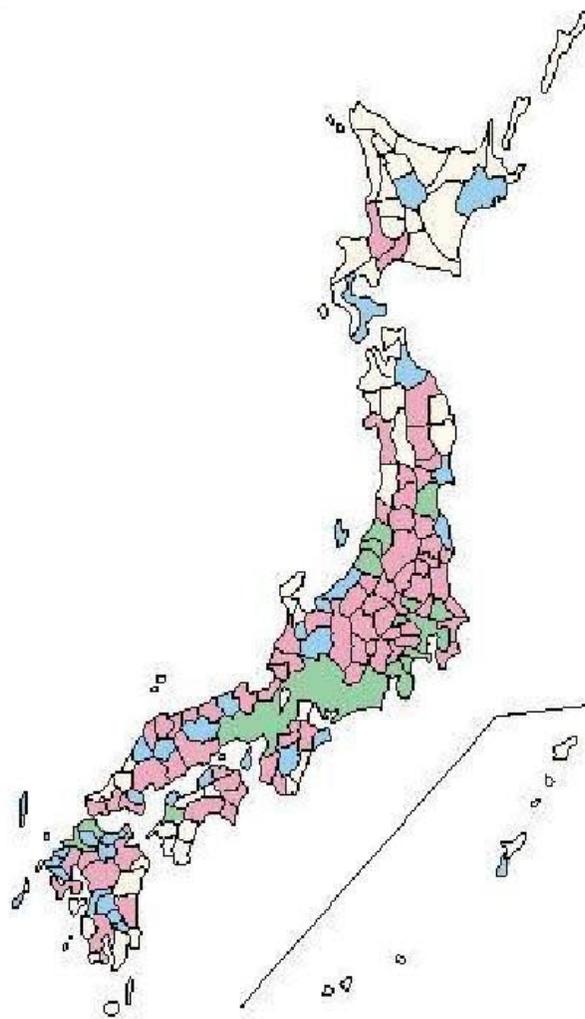


Note: Ministry of Transportation

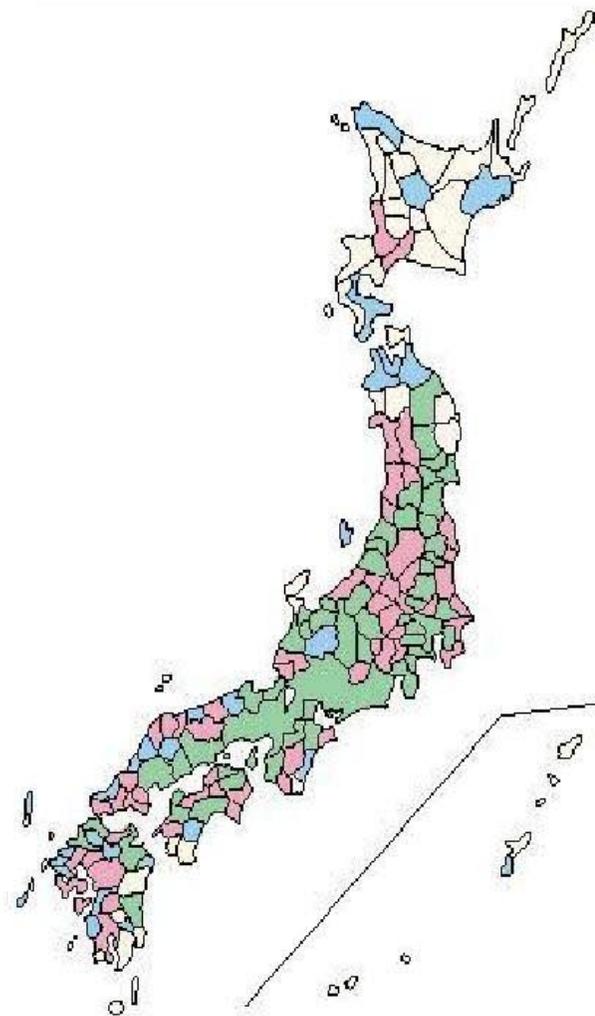
One Day Reach Area Population Ratio



(1975 :Average 42.5%)



(1985年 :Average 49.1%)

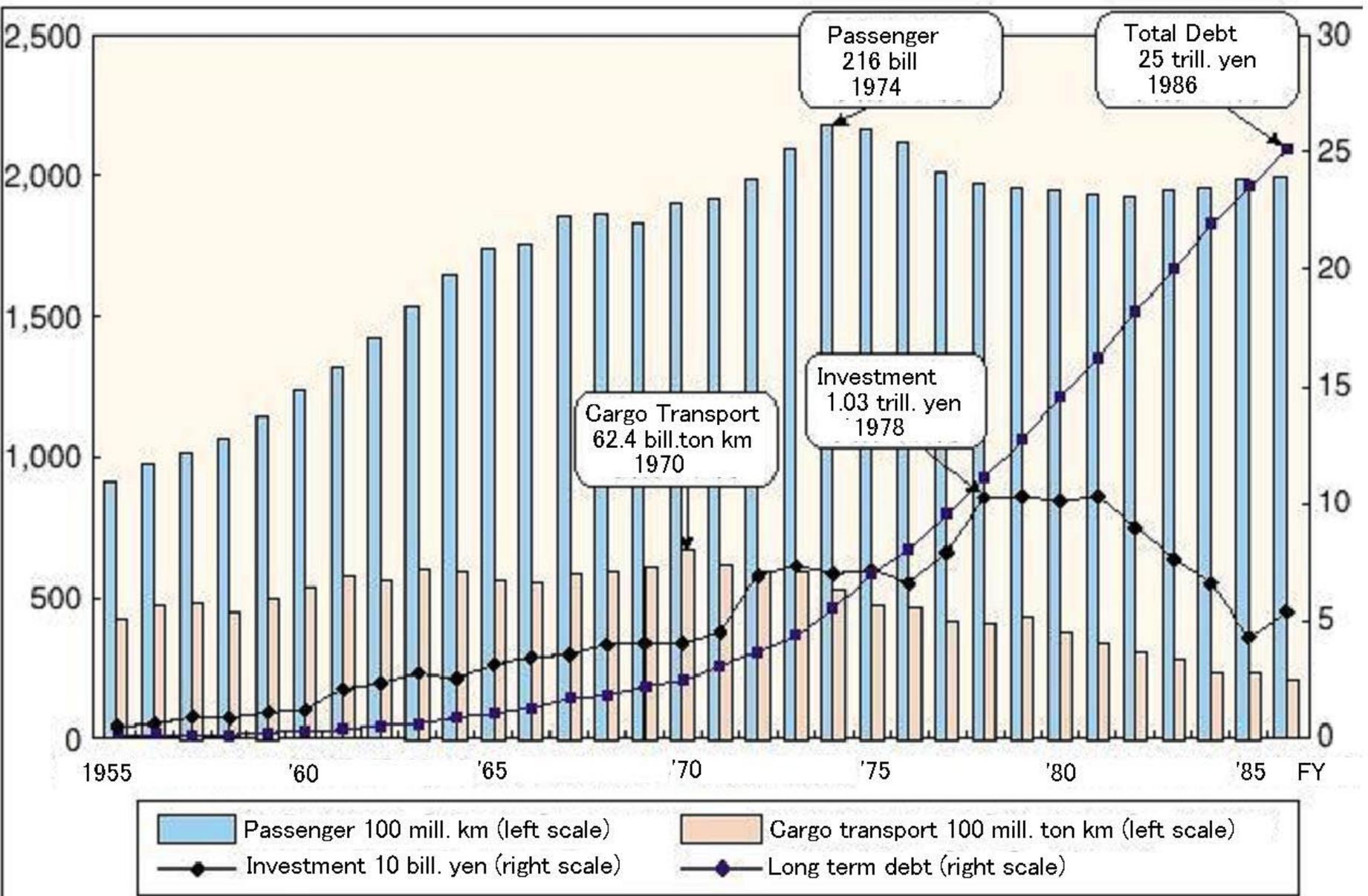


(1997年 :Average 58.0%)

note: National Land Agency

One Day Reach Area : Percentage of population who can reach to the core city in about three hours

Transportation and Financial Situation of National Railway (former JR)







The End

Thank you for your attention.