Media Report for
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Politics/Economy/Social

Tuesday, 10 February, 2009

Mikasa Foods Chief Arrested Over Resale Of Tainted Rice

Five people including the president of an Osaka-based wholesaler were arrested Tuesday for selling pesticide-tainted imported rice as edible, police said. Mikasa Foods President Mitsuo Fuyuki, 73, and others are suspected of purchasing Vietnamese-grown rice, which was tainted with agricultural chemicals, as a material for industrial glue and reselling it for human consumption to six brewing companies in Kumamoto and Kagoshima prefectures between January and August last year, according to the investigation. The amount of tainted rice sold is estimated at around 896 tons, the police said.

The joint investigation team of the Osaka, Fukuoka and Kumamoto prefectural police raided Mikasa Foods in September after finding that the company illegally resold the tainted rice, purchased from the Agriculture, Forestry and Fisheries Ministry and trading houses, for edible uses.

The police are investigating other distributions of tainted rice involving the company so to build a fraud case, investigative sources said.

Industry/Market – Australia

Tuesday, 10 February, 2009

Kirin Shifting M&A Focus To Asia

Though Kirin Holdings Co. has dropped its bid for Coca-Cola Amatil Ltd. of Australia, the beverage giant will continue to pursue mergers and acquisitions, likely by shifting its focus to China and Southeast Asia.

The acquisition would have given Kirin a full lineup -- alcoholic beverages, soft drinks, milk products -- for its Australian operations. But on Monday, it was announced that the two parties failed to agree on a buyout price and other terms.

Kirin insisted it would continue to pursue M&A deals. Given that there are no other promising Australian takeover candidates at the moment, Kirin will likely turn to the high-potential Chinese and Southeast Asian markets.

The firm is already negotiating to take a stake in San Miguel Brewery Inc., the largest beer maker in the Philippines, hoping for an agreement by the end of this month.

In the Chinese market, Kirin's beer business is barely making an operating profit. As such, Kirin hopes to increase ties with local firms, but this will be made difficult by the fact that most Chinese brewers have already linked up with U.S. or European players.

(Summarised from the Nikkei Tuesday morning edition)

Industry/Market/Trends – Japan

Wednesday, 11 February, 2009

FamilyMart's Foreign Stores To Outnumber Domestic Ones In FY09

FamilyMart Co., the nation's No. 3 convenience store operator, is to boast some 8,300 overseas stores at the end of fiscal 2009, overtaking its roughly 7,600-strong domestic network.

This will make FamilyMart the first leading Japanese retailer to have more locations abroad than at home, save for top-ranked rival Seven-Eleven Japan Co., which acquired the operations of its U.S. headquarters.

To break free from its reliance on the shrinking domestic market, FamilyMart is to shift its store-opening focus to South Korea, China and other Asian growth markets.

Right now, the company has 7,400 sites in Japan and 7,300 abroad. And in fiscal 2009, the net increase in stores overseas -- calculated by subtracting closings from openings -- is set to total a record 1,000 or so.

South Korean stores, which now number some 4,100, will be bumped up by as many as 450. The 190 locations in China will be joined by more than 200 new ones, with the firm to open stores in Shanghai, Guangzhou, and the northern region of that nation. The company will also go on the offensive in Thailand, since small convenience stores show promise there, given the tough restrictions on large-store openings.

FamilyMart relies on foreign markets for more than 20% of its total store sales and nearly 10% of its pretax profit. By also increasing franchise stores, which have relatively lower operating costs, in Asia outside Japan, it aims to have overseas operations generate 20% of its pretax profit within three years.

(Summarised from the Nikkei Wednesday edition)

Friday, 13 February, 2009

Maruha Nichiro Foods To Debut Traceability For Domestic Items

Maruha Nichiro Foods Inc., Japan's No. 2 frozen-food maker, will introduce a new system for ingredient traceability at all three of its domestic factories in April.

A chill has settled over the market for frozen foods since the January 2008 discovery that "gyoza" dumplings made in China had been contaminated with an insecticide. The Nichiro Holdings Inc. unit aims to restore consumer confidence by investing some 200 million yen to introduce the new traceability system and fortify the safety management practices of all of its domestic factories.

When ingredients arrive at the factories, information on their origin will be entered into special terminals. And for each step in making a frozen-food product, workers will enter data about the ingredients being used, including amounts and expiration dates. All the entered data will be converted into a QR Code, and this two-dimensional bar code will be printed on the package when the food is shipped.

Retail stores will be able to use mobile phones to read the QR Codes and obtain unique numbers for the products. With these numbers, they will be able to obtain detailed information from Maruha Nichiro Foods, which will be able to use this data to quickly identify problem ingredients should troubles arise.

The firm will also print on the package a code for consumers to use in order to obtain information on when and where products were made. Eventually, data will be recorded and stored for all of the 80 or so frozen foods that Maruha Nichiro Foods makes in Japan for household consumption.

(The Nikkei Friday morning edition)

Monday, 9 February, 2009

Japan Tobacco To Discontinue Frozen-Foods Brand Next Month

Japan Tobacco Inc. announced Monday that it will discontinue its JT brand of frozen foods in March, folding those products into unit Katokichi Co.'s brand.

JT's sales from its frozen-foods business plummeted by around 20 billion yen after food-poisoning incidents in January 2008 involving Chinese-made gyoza dumplings imported and sold by JT Foods Co.

In the April-December 2008 period, sales of JT Foods' frozen products for households sank 50% on the year, underscoring how the dumplings incident hurt its image among consumers.

The JT frozen products will be combined with the Katokichi brand, which was not hit as hard by the dumpling scandal.

(The Nikkei Tuesday morning edition)

Tuesday, 10 February, 2009

Seven & I To Sell Cheap Private-Label Goods At Dept Stores

Seven & i Holdings Co. will begin full-fledged sales of its low-priced private-label products at department store units Tuesday in an effort to bring price-conscious customers to its Seibu and Sogo department stores.

As a start, Seibu's flagship store in Ikebukuro, Tokyo, will open a 70 sq. meter section stocked with 300 or so Seven & i private-label products, focusing on food. Equipped with its own cash registers, this section will be expanded to around 150 sq. meters in March to bolster its product offerings to 500. And by autumn, it is expected to be handling all 800-plus of the Seven & I group's private-label products.

Similar sections will be set up mainly in large locations, such as Sogo department stores in Yokohama and Hiroshima. All Seibu and Sogo department stores are to eventually have private-label sections.

Seven & i hopes that offering a larger selection of low-priced everyday items will enable its department stores to attract more customers because it believes that department stores' excessive focus on pricey offerings is a major reason their sales have been sluggish for years.

(The Nikkei Tuesday morning edition)

Tuesday, 10 February, 2009

Toyota, Nippon Oil, Others To Develop Low-Cost Bioethanol

Toyota Motor Corp., Nippon Oil Corp., Mitsubishi Heavy Industries Ltd. and three other firms said Monday that they will jointly develop technologies to produce cellulosic ethanol from non-food plants.

The six, which also include Kajima Corp., Sapporo Engineering Ltd. and Toray Industries Inc., plan to establish a body that will lead their joint R&D efforts in late February at the University of Tokyo, which will also take part in the project.

By bringing together their know-how in such fields as plant cultivation, glycation and fermentation, they hope to develop a comprehensive production system and bring down production costs to around 40 yen per litre by 2015 so that bio-ethanol can compete directly against oil on price.

Their efforts will focus on producing bio-ethanol for use as an alternative automobile fuel from cellulose in plant stems. At present, it is harder and costlier to produce bio-ethanol from cellulose than from corn. But the partners aim to lower the cost by roughly 75% by making the most of one another's technologies, including Toyota's expertise in plant cultivation and selective breeding and Mitsubishi Heavy's cracking technology.

The joint R&D body is estimated to spend 4 billion yen to 5 billion yen on its efforts over the next five years. As a start, it is expected to build a testing facility in Japan. In the future, it will consider cultivating plants overseas for use as raw materials and launching commercial bio-ethanol production.

(The Nikkei Tuesday morning edition)