



Media Report for The Tasmanian Department of Economic Development and Tourism 13 - 19 December 2008

Politics/Economy/Social

Friday 19 December, 2008

Japan and Australia Agree on Defence Cooperation

The second Japan-Australia Joint Foreign and Defence Ministers' (2 + 2) meeting was held at the Ministry of Foreign Affairs' Iikura Guest House in Tokyo on 18 December. The two countries issued a joint statement which said that Japan and Australia would consider ways to manage information to be shared by the defence authorities of both countries and enhance cooperation for disaster relief operations.

The last 2 + 2 meeting was held in June 2007. This time around, Australia was represented by Foreign Minister Stephen Smith and Defence Minister Joel Fitzgibbon and Japan was represented by Foreign Minister Hirofumi Nakasone and Defence Minister Yasukazu Hamada. Prior to the meeting, Mr Hamada and Mr Fitzgibbon held talks at the Ministry of Defence. The two ministers signed a Memorandum on Defence Cooperation, which focused on facilitating international peace cooperation activities between the two countries. The Memorandum includes the expansion of joint exercises involving ships and aircraft and the strengthening of trilateral defence cooperation between Japan, Australia and the United States.

At a bilateral foreign ministers' meeting, Mr Nakasone and Mr Smith agreed that Japan and Australia would continue discussions of an economic partnership agreement (EPA).

(Summary translation from Yomiuri Shimbun morning edition, Page 2)

Industry/Market – Australia

Friday 19 December, 2008

Imported Cheese Price Goes Down by 30%

The price of imported natural cheese from the Oceania region is expected to go down significantly in the first half of 2009 (shipment during January – June 09). The major cheese varieties will go down as much as 30% compared to the second half of 2008. The price drop range will be the largest ever. Due to the high price and the recent global economic turmoil,

demand from emerging nations such as Russia and other countries is expected to fall and is impacting on prices.

The price of cheddar type cheese has been around 3,800 – 4,000 dollars per ton. This will go down to 1,750 dollars (centre value, 31% drop) compared to the second half of 2008. Gouda cheese will also go down by more than 30%.

According to the Ministry of Agriculture, Forestry and Fisheries (MAFF), Japanese consumed 279,000 tons of cheese in 2007. 84% of this is imported with natural cheese taking up the majority. 70% of natural cheese is imported from the Oceania region.

(Summary translation from Nikkei News Bulletin)

Friday 19 December, 2008

First Flight to Australia – Jetstar Airways

On 18 December, Australia's Jetstar Airways began regular service between Narita Airport and Australia. It is the first low fare airlines to operate into Narita Airport. The company operates Airbus A330-200 fleets and offers daily service between Cairns and 5 services per week between Gold Coast.

At a ceremony held before its inaugural flight from Narita, Jetstar Airways CEO Bruce Buchanan said "We created low fares for the new travellers of the new generations. We have prepared for this moment for two years and are excited to finally be able to operate into Narita Airport".

The fares are 20,000 JPY one way to Cairns (excluding fuel surcharge etc), 25,000 to Gold Coast and 30,000 JPY to Sydney.

(Translation from Sankei Shimbun Tokyo morning edition, Page 11)

Industry/Market/Trends – Japan

Tuesday 16 December, 2008

Morinaga, Morinaga Milk in Talks to Merge Next Autumn

Fourth-ranked confectionary manufacturer Morinaga & Co. and the No. 2 dairy product company, Morinaga Milk Industry, are in negotiations to merge as early as next autumn, a move that would create a food products company with annual sales of around 760 billion yen.

With competitors top-ranked Meiji Dairies Corporation and No. 2 confectionary manufacturer, Meiji Seika Kaisha, having decided to merge their operations next spring, the two Morinaga group firms aim to bolster their earnings by creating the ninth biggest food products company in Japan in terms of sales.

The food products market, already squeezed by a shrinking domestic population, is now hurting from a deteriorating business environment resulting from the economic downturn. A business integration between Morinaga Milk and Morinaga would enable them to combine

their purchasing and share production and distribution bases. In addition to consolidating their ice cream businesses, they are expected to consider overseas expansions and mergers and acquisitions.

(Summary translation from Nihon Keizai Shimbun morning edition)

Friday 19 December, 2008

Seiyu to Consider M&A Deals With Other Domestic Retailers

Seiyu intends to consider mergers and acquisitions with other Japanese retailers, Edward Kolodzieski, the company's CEO, told The Nikkei in an interview on 17 December.

U.S. retail giant Wal-Mart Stores, which took a stake in Seiyu back in 2002, had previously sought M&A deals, including trying for a tie-up with supermarket operator Daiei at one point. However, its ambitions were not realised partly due to Seiyu's lackluster results.

Kolodzieski, however, anticipates retailers becoming more receptive to joining forces with Seiyu. He points to Wal-Mart's stepped up investments in Japan, including turning Seiyu into a wholly owned unit, and increased customer traffic at the supermarket operator. Likely M&A contenders include midsize regional supermarkets.

Despite recording its sixth straight net loss in the fiscal year ended December 2007, Seiyu has beefed up its discounting strategy, trimming prices on some 1,700 products since November. The CEO also says that customer numbers are growing, with November and December sales up compared with a year earlier.

Kolodzieski also revealed plans to step up low-price policies, such as taking advantage of the strong yen by expanding direct imports from producers with global operations.

(Summary from Nikkei Net Interactive)

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