

# Media Report for The Tasmanian Department of Economic Development 12 - 18 January 2008

## *Politics/Economy/Social*

Tuesday 15 January, 2008

### **Economy Minister Repeats Economic Recovery Continues**

Japanese Economy Minister Hiroko Ota said on 15 January that the nation's economic recovery continues but that rising commodity and crude oil prices are undermining consumer sentiment.

"The various price rises, including for food, are starting to affect consumer sentiment bit by bit," she said at a regular press conference.

"I want to watch things very closely," she said when asked about the government's economic outlook and Friday's Cabinet Office Economy Watchers Survey.

The main survey index, which gauges the economic views of ordinary workers slipped 2.2 points to 36.6 in December, its lowest reading since the 35.5 reading in January 2003. The figure fell short of the boom-or-bust line of 50.0 for the ninth month in a row.

The outlook index also dropped 1.8 points to 37.0 from the previous month. That was the lowest figure since December 2002, when it stood at 36.7.

(Summary from Nikkei Net Interactive)

Friday 18 January, 2008

### **November Tertiary Activity Index Up 0.1%**

Japan's service sector activity in November rose just a seasonally adjusted 0.1% from the previous month, the government said on 18 January, suggesting that economic activity in the service sector remains tepid.

The 11 service industries tracked by the index account for roughly 60% of Japan's economic output. Among them are utilities, transport, telecommunications, wholesale and retail, finance and insurance, real estate, restaurants and hotels, as well as medical, health care and welfare.

(Summary from Nikkei Net Interactive)

## *Industry/Market – Australia*

Monday 14 January, 2008

### **Ministry of Agriculture Considering 30% Price Hike for Imported Wheat**

The Ministry of Agriculture is in talks with domestic flour-milling companies to raise government-set prices of imported wheat by around 30% starting in April.

With demand for wheat surging in China, India and elsewhere, international wheat prices have skyrocketed. If realized, the hike would be the third one since April 2007, when prices were raised 1.3%. A 10% hike came in October.

The increase may affect prices of bread, noodles and other food products that use wheat. Japan relies on exports for 90% of wheat consumed domestically. The government handles nearly all wheat imports and sells them to flour millers after adding on costs for subsidies paid to domestic wheat farmers.

Prices of five top brands reached 53,270 JPY per ton in October following the hike. In light of this, Yamazaki Baking raised bread and pastry prices by an average of 8%. Other companies hiked prices on noodles and pasta.

With international wheat prices showing no signs of easing, the government has concluded that another hike is inevitable. It plans to make a final decision as early as February. In addition, the government is considering expanding the list of countries from which it buys wheat. The US, Australia and Canada are currently the only nations that export wheat to Japan.

(Summary translation from the Nihon Keizai Shimbun morning edition)

## *Industry/Market/Trend – Japan*

Wednesday 16 January, 2008

### **Japan Post Suppliers Lied about Scrap Paper Content of New Year's Cards**

The government has learned that all five companies that supplied Japan Post Holdings with New Year's cards in 2007 made them out of recycled paper that contained less used paper than required under their contracts.

The five firms, Nippon Paper Group, Oji Paper, Daio Paper, Mitsubishi Paper Mills and Hokuetsu Paper Mills, were supposed to deliver recycled paper with a scrap content of at least 40%.

However, all of the firms have admitted to Ministry of Economy, Trade and Industry officials that they did not meet this requirement. METI and the Environment Ministry launched the investigation after it came to light last week that recycled paper shipped by Nippon Paper Group to Japan Post only had a scrap content of 1-5%.

The ministry has directed the five firms to implement measures designed to address the problem and report the results.

Japan Post sold roughly 4 billion New Year's cards late last year, with 97% of them made of recycled paper.

(Summary translation from the Nihon Keizai Shimbun evening edition)

Friday 18 January, 2008

## **Backlash Grows Against Nippon Paper's Recycling Fraud**

Following Nippon Paper Group revelation that it falsified the recycled-paper content of its paper products, a growing number of companies are moving to suspend dealings with the paper manufacturer.

Office automation equipment firms, such as Fuji Xerox, Canon Marketing Japan and Kyocera Mita, as well as major office products supplier Askul, have stopped selling Nippon Paper's recycled-paper products, which include postcards and copier paper. Many have also stopped buying them from the paper company.

Ricoh is going a step further, halting sales of recycled copier and printer paper from six manufacturers starting Friday. These firms include Nippon Paper, Daio Paper as well as four others that do not have clear recycled-paper content figures.

Similar moves are being made in the public sector. The Environment Ministry of the Environment decided on 16 January to review how government agencies purchase recycled paper. It also plans to examine ways to accurately assess recycled-paper content.

Japan collects more than 70% of its used paper, the third-highest ratio in the world, after South Korea and Germany. However, Japan lacks a clear definition of what recycled paper is. It also has no statistics on how much recycled paper is being used, nor does it have a system for checking the proportion of recycled paper in paper products.

In response to the scandals, the Japan Paper Association will form a discussion panel tasked with drawing up a clear definition for recycled paper and setting rules on the labelling of recycled-paper products.

(The Nikkei Friday morning edition)

### *Disclaimer*

*Austrade makes no warranty, express or implied, as to the fitness for a particular purpose, or assumes any legal liability for the accuracy or usefulness of any information contained in this Media Report. Any consequential loss or damage suffered as a result of reliance on this information is the sole responsibility of the user.*