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Fresh Deciduous Fruit

Annual

2004

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Report Highlights:

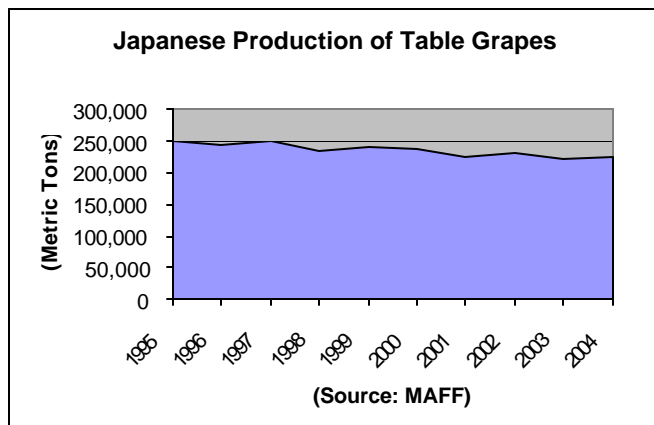
California table grapes have a stable market in Japan and enjoy a good reputation as a high quality fruit. Japan imported 3,805 metric tons of California table grapes in 2003, up 18 percent from the previous year, valued at \$6.54 million (CIF). Meanwhile, enjoying a counter-seasonal advantage, Chile supplied 9,112 metric tons of table grapes to Japan in 2004, valued at \$11.99 million (CIF). The estimate of 2004 Japanese table grape production is 224,100 metric tons, up 1 percent from the previous year. This increase is mostly due to good weather conditions. Production of apples in Japan for 2004 was estimated at 881,100 metric tons, up 5 percent from the previous season. However, the recent typhoon seriously damaged apple productions in Hokkaido and Aomori prefectures, and the actual damage figures have not been released yet. The Japanese sand pear production estimated is up 7 percent to 356,900 metric tons in 2004.

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The 2004 Japanese Production of Table Grapes Expected to be Up 1 Percent



Although Japan's table grape production has been declining, the 2004 production is estimated at 224,100 metric tons, up approximately 1 percent from the previous year, according to the Ministry of Agriculture, Forestry and Fisheries (MAFF). Due to relatively good weather in the Yamanashi and Nagano prefecture production regions, the fruit quality is excellent with relatively high brix levels with many large sized grapes, according to Tokyo traders. The production of Delaware and Pione varieties are expected to be up 4 and 5 percent,

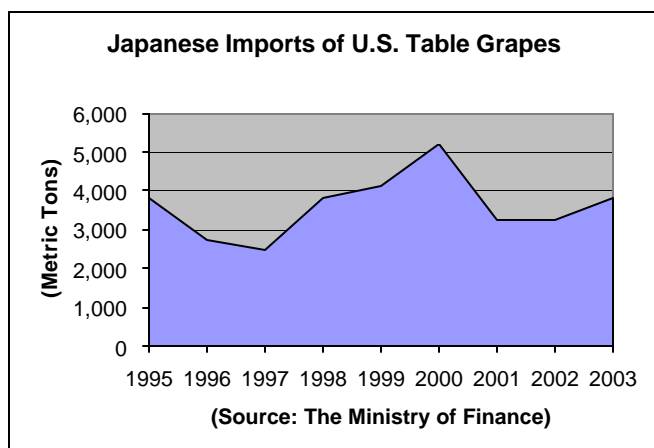
respectively, from the previous season. Kyoho, a large dark-purple grape, is the most commonly grown variety in Japan, accounting for 33 percent of nation's grape production. Delaware and Pione varieties are also commonly grown, sharing 20 and 10 percent of nation's grape production, respectively.

The 2004 harvest area of table grapes is estimated at 19,300 hectares, down approximately 1 percent from the previous year. The harvest areas of Kyoho and Pione varieties are expected to increase 2 and 4 percent from the previous year, respectively. The areas of Delaware, Campbell-Early and Muscat-Bailey A are declining 2, 5 and 10 percent, respectively.

In early September, Tokyo supermarkets sold a cluster of Kaiji grapes (522 grams) for \$7.52 (824 yen), Kyoho grapes (412 grams) for \$4.54 (498 yen), Muscat (398 grams) for \$3.63 (398 yen), and a tray of four clusters of Delaware grapes for \$3.63 (398 yen). Table grapes are individually packaged in clamshell type plastic containers.

* The exchange rate of 109.57 yen per dollar is based on the Nikkei News quote on September 13, 2004.

Japanese Imports of U.S. Table Grapes Up 18 Percent in 2003



Japan imported 3,805 metric tons of California table grapes in 2003, up approximately 18 percent from the previous year, valued at \$6.54 million (CIF). California table grapes have established a good stable market in Japan with a reputation for high quality fruit with a high brix level. Japanese traders favored U.S. table grapes over Japanese ones since U.S. grapes have a significantly longer shelf life than domestic ones. Each cluster of table grapes is carefully wrapped with a sheet of soft paper and packaged in a single layer 9-kilogram carton box. California

table grapes are shipped in temperature-controlled containers so that the high fruit quality is

still maintained when they arrive to Japan. A small amount of the season's first shipment arrived to Japan in May, although the prime marketing season for California Red Globe grapes will start in mid-October as domestic table grape sales end.

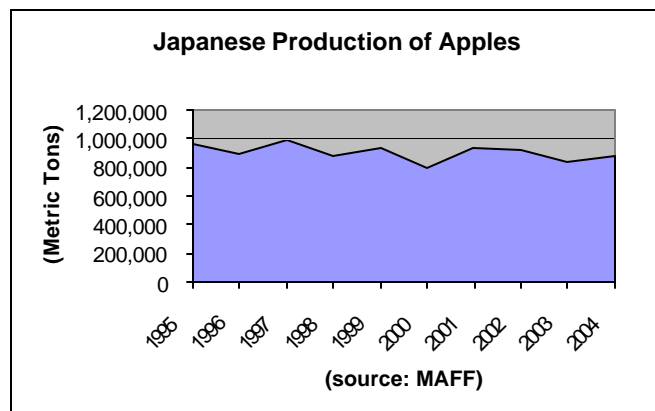
Japanese customarily peel table grapes before eating them, but California grape promotions, including ones conducted by the California Table Grape Commission, are challenging Japanese consumers to eat grapes with the skins on. U.S. varieties like Red Globe and Thompson Seedless grapes are not suitable for peeling.

Sales of U.S. table grapes are expected to start in mid October with a little delay this season compared to the previous season due to the strong sales of domestic grapes, according to Tokyo traders. In late August U.S. Red Globe grapes were trading at \$4.79 (525 yen) per kilogram at Tokyo Central Wholesale Market while domestic grapes were at \$5.35 (587 yen) and \$3.81 (418 yen) per kilogram, respectively, for Kyoho and Delaware varieties.

Sales of Chilean Red Globes Stable in Japan

Japanese imports of Chilean table grapes were up approximately 3.5 percent in the 2004 season to 9,112 metric tons, valued at \$11.99 million (CIF). Chile enjoyed a counter-seasonal advantage, supplying table grapes to the Japanese market from January through May, when no domestic grapes were available in the market. The quality of table grapes from Chile was often unstable due to the long transport period, according to Tokyo traders. In late May, large sized Chilean Red Globes were trading at \$23.72 (2,600 yen) per 8.2-kilogram carton at Tokyo Ohta Wholesale Market.

Japanese Apple Production in 2004 Expected to be Up 5 Percent



Japan's apple production is estimated at 881,100 metric tons in 2004, up approximately 5 percent from the previous year, according to the Ministry of Agriculture, Forestry and Fisheries (MAFF). Relatively good weather during the fruiting season helped bring on this increased production. These figures are based on farm conditions as of August 1, 2004. In early August the season's first crop, Tsugaru apples from Nagano prefecture, were trading at \$57.49 (6,300 yen) for a 10-kilogram carton at Tokyo's Ohta Wholesale Market. This

price is similar to the previous season. This season's Tsugarus had a good flavor with high brix levels, according to apple traders. Tsugaru apples are sold until early October, and then the market will switch to Fuji apples. Fuji apples are the most commonly produced variety in Japan, accounting for 55 percent of nation's apple production, followed by Tsugaru (13%), Jonagold (10%), Ohri (9%) and Mutsu (2%). The majority of apples are produced in northern Japan. The northern prefectures of Aomori and Nagano alone produce approximately 75 percent of nation's apples.

Approximately 145,000 metric tons of the 2004 crop apples go to processing, of which 125,000 metric tons go into juice and the rest go into jam and canning, according to the Japanese apple processing industry.

In early September, the Tsugaru apple price was \$1.44 (158 yen) for a medium sized apple and \$5.29 (580 yen) for a tray of 4 apples in Tokyo's supermarkets. Small sized Tsugarus were \$5.45 (598 yen) for a bag of 6 apples. Tsugaru apples were traded at \$28.74 - \$35.13 (3,150 – 3,850 yen) for a 10-kilogram carton at Tokyo Ohta Wholesale Market.

Typhoon Damaged Hokkaido Apple Farms

Apple orchards in Hokkaido and Aomori prefectures were seriously damaged by strong wind caused by Typhoon #18 that hit the region on September 8th. Many apple trees were knocked out by the strong wind and a large number of fresh apples that were ready to harvest were dropped from the trees, according to Japan Agricultural News. The damage was so serious in Hokkaido that some areas lost almost 80% of their apples. Japan's apple capitol, Hirosaki, in Aomori prefecture was also damaged so seriously that it reportedly lost 20% - 30% of its total production. In Tokyo, apples damaged by the typhoon were sold at the specially discounted price of \$0.52 (58 yen) per apple at major supermarkets.

Japanese Apple Exports in 2003 Soared 28 Percent

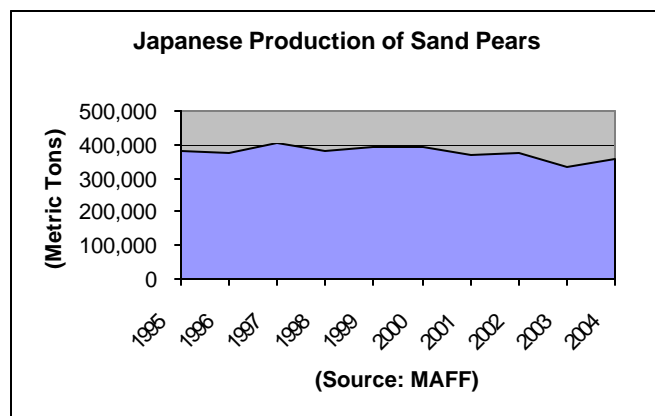
Japan exported 15,632 metric tons of fresh apples in 2003, up approximately 28 percent from the previous year. Approximately 96 percent of Japanese apple exports go to Taiwan, and the exports of apples have significantly increased since 2001 when Taiwan became a member of the WTO. Hong Kong and Thailand are also major importers of Japanese apples. Japanese apple growers in Aomori prefecture have just started to sell apples to main land China's Shanghai. Japan exported 61.3 metric tons of apples to the United States in the 2003 season.

No Imports of Apples in 2003

There were no imports of apples by Japan in the 2003 season. Japan imported 107 metric tons of Fuji apples from Tasmania (Australia) in the 2002 season, but Japanese consumer opinion of Tasmanian apples was not great in terms of size, color and flavor, according to Tokyo traders. There were no shipments from Tasmania in 2003 and Japanese traders are not expecting Tasmanian apples this season.

There were no imports of U.S. apples in 2003.

Japanese Sand Pear Production in 2004 Expected to be Up 7 Percent



Japanese sand pear production is estimated at 356,900 metric tons in 2004, up approximately 7 percent from the previous season, according to the Ministry of Agriculture, Forestry and Fisheries (MAFF). This season's good weather was the main reason for increased production. Kosui and Hosui are the major sand pear varieties grown in Japan, accounting for approximately two thirds of nation's production. The harvested area of sand pears in 2004 is 15,400 hectares, down approximately 2 percent from the previous season, due to

some abandoned orchards.

Japan continues to ban imports of U.S. pears due to phytosanitary concerns.

Japanese Import Duties on Fresh Apples and Table Grapes

These duties are not subject to further reductions. The applicable import duties are:

DESCRIPTION TARIFF CODE (HS)		DUTY RATE
Fresh Apples 0808.10-000		17.0 %
Fresh Table Grapes 0806.10-000	3/1 – 10/31	17.0 %
	11/1 – 2/28	7.8 %

All duties are charged on a CIF basis.

Table 1 - The 2004 Japanese Production Forecast for Table Grapes

Varieties	Harvest Area (HR)	Production (MT)	Commercial Shipment (MT)	Changes from the Previous Year		
				Harvest Area	Production	Comm. Shipment
Total (All Varieties)	19,300	224,100	204,800	- 1%	+ 1%	+ 2%
Delaware	3,900	43,900	39,700	- 2%	+ 4%	+ 3%
Campbell- Early	1,130	13,000	11,500	- 5%	- 1%	No Change
Muscat -Bailey A	1,000	13,100	12,100	- 10%	+ 1%	+ 2%
Koshu	513	7,800	7,050	- 5%	- 4%	- 4%
Kyoho	6,700	74,800	69,400	+ 2%	- 1%	No Change
Kaiji	343	5,200	4,840	- 2%	- 4%	- 4%
Pione	1,690	21,700	19,800	+ 4%	+ 5%	+ 6%

Source: MAFF

Table 2 - The 2004 Japanese Production Forecast for Fresh Apples

Varieties	Harvest Area (HR)	Production (MT)	Commercial Shipment (MT)	Changes from the Previous Year		
				Harvest Area	Production	Comm. Shipment
Total (All Varieties)	41,300	881,100	783,200	- 1%	+ 5%	+ 5%
Tsugaru	5,720	110,400	97,300	No Change	+ 4%	+ 4%
Ohrin	3,830	76,100	68,800	- 2%	+ 4%	+ 5%
Jonagold	3,660	86,700	77,900	No Change	+ 5%	+ 4%
Fuji	21,100	484,700	429,700	- 1%	+ 5%	+ 5%
Mutsu	951	19,300	17,000	- 1%	+ 9%	+ 9%

Source: MAFF

Table 3 - The 2004 Japanese Production Forecast for Japanese Sand Pears

				Changes from the Previous Year
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Varieties	Harvest Area (HR)	Production (MT)	Commercial Shipment (MT)	Changes from the Previous Year		
				Harvest Area	Production	Commercial Shipment
Total (All Varieties)	15,400	356,900	328,700	-2%	+7%	+8%
Kosui	6,050	125,200	116,900	- 2%	+ 2%	+ 2%
Hosui	3,870	103,300	95,800	- 3%	+ 17%	+ 17%
Twentieth Century	2,090	49,000	44,700	- 5%	+ 5%	+ 5%
Niitaka	1,340	36,300	33,500	No Change	+ 6%	+ 5%

Source: MAFF

PS&D Tables and Trade Matrices

Fresh Apple PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Apples, Fresh				(HA)(1000 TREES)(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Planted	45000	45000	44100	44100	0	43300
Area Harvested	42400	42400	41700	41600	0	41300
Bearing Trees	41600	41600	40900	41600	0	40800
Non-Bearing Trees	3400	3400	3200	2500	0	2500
Total Trees	45000	45000	44100	44100	0	43300
Commercial Production	809400	809400	787800	746900	0	783200
Non-Comm. Production	116400	116400	103900	95200	0	97900
TOTAL Production	925800	925800	891700	842100	0	881100
TOTAL Imports	108	108	100	0	0	0
TOTAL SUPPLY	925908	925908	891800	842100	0	881100
Domestic Fresh Consump	768705	768705	731800	681468	0	716100
Exports, Fresh Only	12203	12203	15000	15632	0	20000
For Processing	145000	145000	145000	145000	0	145000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	925908	925908	891800	842100	0	881100

Fresh Apple Export Trade Matrix

EXPORT TRADE MATRIX			
Country	Japan		
Commodity	Apples, Fresh		
Time Period	July-June	Units:	Metric Tons
Exports for:	2002		2003
U.S.	58	U.S.	61
Others		Others	
Taiwan	11580	Taiwan	14947
Hong Kong	231	Hong Kong	223
Thailand	199	Thailand	210
Indonesia	60	Indonesia	79
Singapore	28	Singapore	41
French Oceania	18	French Oceania	19
Philippines	12	Guam	15
Guam	11	China	11
		Russia	11
		Philippines	9
Total for Others	12139		15565
Others not Listed	6		6
Grand Total	12203		15632

Fresh Apple Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Apples, Fresh		
Time Period	July-June	Units:	Metric Tons
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Australia	107		
South Korea	1		
Total for Others	108		0
Others not Listed	0		0
Grand Total	108		0

Fresh Apple Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Apples, Fresh		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan	181	238	31%
Feb	176	243	38%
Mar	190	256	35%
Apr	219	264	21%
May	252	281	12%
Jun	315	299	-5%
Jul	358		-100%
Aug	336		-100%
Sep	238		-100%
Oct	251		-100%
Nov	210		-100%
Dec	225		-100%
Exchange Rate	109.55	Local Currency/US \$	
Date of Quote	8/27/2004	MM/DD/YYYY	

Fresh Pear PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Pears, Fresh				(HA)(1000 TREES)(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Planted	18950	18950	18550	18440	0	17980
Area Harvested	17830	17830	17350	17430	0	17200
Bearing Trees	4340	4340	4300	4360	0	4300
Non-Bearing Trees	400	400	360	250	0	200
Total Trees	4740	4740	4660	4610	0	4500
Commercial Production	373300	373300	375000	335100	0	360800
Non-Comm. Production	33300	33300	32300	30700	0	32600
TOTAL Production	406600	406600	407300	365800	0	393400
TOTAL Imports	193	193	200	96	0	100
TOTAL SUPPLY	406793	406793	407500	365896	0	393500
Domestic Fresh Consump	403678	403678	404300	363561	0	390650
Exports, Fresh Only	2615	2615	2700	1935	0	2500
For Processing	500	500	500	400	0	350
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	406793	406793	407500	365896	0	393500

Fresh Pear Export Trade Matrix

EXPORT TRADE MATRIX			
Country	Japan		
Commodity	Pears, Fresh		
Time Period	July-June	Units:	Metric Tons
Exports for:	2002		2003
U.S.	366	U.S.	403
Others		Others	
Hong Kong	1650	Taiwan	742
Taiwan	509	Hong Kong	681
Australia	31	Australia	47
Singapore	26	South Korea	32
Netherlands	14	Guam	9
Guam	7	Singapore	8
Northern Mariana	4	Thailand	8
Thailand	3	Northern Mariana	4
Total for Others	2244		1531
Others not Listed	5		1
Grand Total	2615		1935

Fresh Pear Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Pears, Fresh		
Time Period	July-June	Units:	Metric Tons
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
South Korea	193	South Korea	96
Total for Others	193		96
Others not Listed	0		0
Grand Total	193		96

Fresh Pear Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Pears, Fresh		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan	242	250	3%
Feb	236	249	6%
Mar	218	220	1%
Apr	239	173	-28%
May	173	157	-9%
Jun	970	1021	5%
Jul	426		-100%
Aug	264		-100%
Sep	214		-100%
Oct	227		-100%
Nov	221		-100%
Dec	283		-100%
Exchange Rate	109.55	Local Currency/US \$	
Date of Quote	8/27/2004	MM/DD/YYYY	

Fresh Table Grape PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Grapes, Table, Fresh				(HA)(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Area Planted	20600	20600	20300	20300	0	20000
Area Harvested	19500	19400	19300	19300	0	19200
Commercial Production	210600	201400	210000	204800	0	201000
Non-Comm. Production	19400	19400	15000	19300	0	19000
TOTAL Production	230000	220800	225000	224100	0	220000
TOTAL Imports	12000	12751	12000	13000	0	13000
TOTAL SUPPLY	242000	233551	237000	237100	0	233000
Domestic Fresh Consump	213950	205480	211950	212020	0	209920
Exports, Fresh Only	50	71	50	80	0	80
For Processing	28000	28000	25000	25000	0	23000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	242000	233551	237000	237100	0	233000

Fresh Table Grape Export Trade Matrix

EXPORT TRADE MATRIX			
Country	Japan		
Commodity	Grapes, Table, Fresh		
Time Period	Jan.-Dec.	Units:	Metric Tons
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Taiwan	43	Taiwan	54
Hong Kong	18	Hong Kong	17
Total for Others	61		71
Others not Listed	0		0
Grand Total	61		71

Fresh Table Grape Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Grapes, Table, Fresh		
Time Period	Jan.-Dec.	Units:	Metric Tons
Imports for:	2002		2003
U.S.	3224	U.S.	3806
Others		Others	
Chile	8295	Chile	8800
Mexico	248	Taiwan	112
Taiwan	48	Mexico	16
New Zealand	19	New Zealand	15
South Korea	1		
Total for Others	8611		8943
Others not Listed	1		2
Grand Total	11836		12751

Fresh Table Grape Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Grapes, Table, Fresh		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan	732	517	-29%
Feb	634	470	-26%
Mar	1182	662	-44%
Apr	2951	2453	-17%
May	1704	1368	-20%
Jun	1014	1026	1%
Jul	813		-100%
Aug	555		-100%
Sep	503		-100%
Oct	469		-100%
Nov	642		-100%
Dec	570		-100%
Exchange Rate	109.55	Local Currency/US \$	
Date of Quote	8/27/2004	MM/DD/YYYY	