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Canned Deciduous Fruit

Canned Deciduous Fruit Annual Report 1998

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Report Highlights:

Overall, the Japanese canned fruit market continues stagnant. In 1998, canned peach and fruit mixture consumption are expected to be roughly unchanged from last year at 57,000 tons and 12,000 tons, respectively. Canned pear sales are expected to rise slightly to 7,825 tons. Demand for imports from the United States continues to be weak due to the strong dollar and aggressive competition from other foreign suppliers to Japan, particularly China, Greece, and South Africa.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Production

Canned Peaches:

Japanese canned peach production is fairly small, with only 6 percent of Japan's total peach crop destined for canning. Approximately 91 percent of Japanese canning varieties are white peaches (Okubo variety), with yellow peaches accounting for the remainder. The majority of Japan's canning peach varieties are harvested in Yamagata and Fukushima Prefectures. The Japanese canning of fresh peaches starts in late July, with peak production occurring in August and continuing until early September.

Japanese canned peach production has been in decline due largely to supplies of relatively cheap imports and declining production of canning varieties of fresh peaches. Many Japanese growers of canning varieties are shifting toward table varieties, since the prices for fresh consumption are significantly higher than prices for canning. Wholesale prices of peaches for the fresh market are roughly 350 - 650 yen per kilogram in the July-August harvest season, while fruit prices for canning (prices paid by canners to farmers) are 100 - 110 yen per kilogram.

According to Japan's canning industry cooperative for agricultural products, the production of fresh packs (canned from fresh fruit) for the 1997 season was 450,181 and 43,690 cases (approximately 10.2 kilogram/case) for canned white peaches and canned yellow peaches, respectively. The industry expects a continued decline in fresh pack production in 1998.

Average Prices Paid By Processors For Fruit For Canning
(Yen per Kilogram 1/)

	1995	1996	1997
White Peaches	140 - 150	125 - 135	100 - 110
Yellow Peaches	100 - 120	90 - 110	80 - 90

1/ Average Exchange Rate (Yen to one U.S. dollar):

1995 = 96.45; 1996 = 112.65; 1997 = 122.70

Source: Japanese Canning Industry

Canned Pears:

Japanese production of canned pears is also comparatively small at less than 1,000 tons. However, while small, production has been growing steadily in recent years reflecting rising production of western-style pears in Japan. Overall, approximately 95 percent of Japan's pear crop are sand pears or "nashi," almost all of which are marketed for fresh consumption. Western-style pears account for the remainder, with a small amount (about 5 percent) destined for canning. The production of Western-style pears, "La France" variety, for the 1997 season was 23,600 metric tons, up by 21 percent from the previous season and production is expected to increase in 1998. As a result, canned pear production is also forecast to rise, with total volume expected to reach 825 tons, up from 750 tons in 1997 and 667 tons in 1996.

Fruit Mixtures:

Japanese domestic production of canned fruit mixtures continues to decline, with forecast production at just below 2,500 tons.

Production data in the PS&D table for “Canned Fruit Mixtures” contain figures only for mixed deciduous fruits. Mixtures with citrus fruits as a main component are excluded from the data.

Consumption

Canned Peaches:

Japan’s consumption of canned peaches has been slackening and weak demand is expected to continue this year. Continued weak demand is largely due to a weakening yen. At the current exchange rate (140 yen to one U.S. dollar), aggressive discounting by supermarket chains, which boosted the consumption during the high yen time, is no longer feasible. Lately, 100-yen sales for canned peaches, that became so popular among Japanese housewives, are rarely seen at Japanese retail store shelves.

Canned yellow peaches from South Africa are mainly consumed by processors such as fruit Jerry manufacturers and confectioners, while peaches from the United States, Greece and China are largely retailed directly to consumers.

Currently, Japan’s national brand domestic canned white peaches with JAS (the Japan Agricultural Standards) certification are retailing at roughly 460 yen for a size 4 can (425 grams), 370 yen for a size 5 can (295 grams). Domestic canned peaches sold with consumer size cans (size 4 and size 5 cans) are all of the pull-top type.

U.S. national brand (S&W) canned yellow peaches with heavy syrup are retailing at one Tokyo supermarket for 158 yen for a size 4 can (425 grams), and price promotions on size 4 California canned yellow peaches (a co-pack brand of Japan’s major supermarket) are on going, with promotions at 100 yen per can. Size 4 canned white peaches with light syrup from China are priced at 148 yen per can. South African canned peaches (a co-pack brand of Tokyo’s consumer coops) are retailing at 138 yen for a size 4 can, and also co-packed South African canned peaches for Japan’s major supermarket are selling at 158 yen for a size 4 can.

Canned Pears and Fruit Mixtures:

In the 1998 marketing season, Japanese consumption of both canned fruit mixtures and canned pears will likely be roughly unchanged from 1997. Bakeries, cake manufacturers and fruit Jerry processors account for most purchases of canned pears in Japan. Canned fruit mixtures are also consumed primarily by Japan’s food service sector and food processors. Large-sized cans of fruit mixtures (size 2 cans or 800-gram cans) have been largely consumed in restaurant salad bars and in breakfast menus at hotels.

Australian “co-packed” canned pears (Bartlett Pears) for Japan’s major supermarket are retailing for 158 yen for a size 4 can (425 grams), and also Australian canned pears (a “Mitsubishi” brand) are marketed at 128 yen for a size 4 can (455 grams).

U.S. “co-packed” canned fruit mixtures for Japanese major supermarket are currently priced at 148 yen for a size 4 can (425 grams), while U.S. national brand (S&W) canned fruit mixtures are marketed at 158 yen for a size 4 can at supermarkets in Tokyo. South African canned fruit mixtures (a co-pack brand for medium-sized supermarket) are selling at 158 yen for a size 4 can.

Trade

Canned Peaches:

Japanese imports of canned peaches totaled 51,541 metric tons in the 1997 marketing year, roughly unchanged from the previous year. Imports from the U.S. totaled 2,152 metric tons (\$2.74 million), accounting for just over 4 percent of total canned peach imports last year.

The market leaders are China, South Africa and Greece, with a combined import share of more than 90 percent. Chinese imports are primarily white peaches, while fruit from the U.S., South Africa and Greece are yellow peaches. Japanese importers started price negotiations for new crop peaches in July with Chinese, Greek and United State's packers, while negotiations with South African suppliers start in December.

Offer prices in early August for Chinese canned peaches were \$13.00 (C&F) and \$11.00 - \$12.00 (C&F) for white peaches and yellow peaches, respectively, for a case of 24 size 4 cans (10.2 kilograms/case), according to Japanese importers. For a case of 6 size 1 cans (18.72 kilograms/case), C&F offer prices for Chinese white peaches were \$21.00 - \$22.00 and \$22.00 - \$23.00 for halves and sliced peaches, respectively. Size 1 cans are imported for processing and re-packing purposes. Offer prices in mid August for canned peaches from Greece and South Africa were \$11.71 (C&F) and \$10.00 (C&F), respectively, for a case of 24 size 303 cans. (South Africa's opening prices for canned peaches were made in December 1997). F.O.B. prices for U.S. fruit were reportedly \$14.50 (equivalent to \$16.00 - \$16.50 C&F) for a case of 24 size 303 cans. For large sized cans, offer prices for U.S. peaches were \$19.70 (equivalent to \$21.20 - \$21.70 C&F) for a case of 24 size 2 ½ cans.

Average Import Values For Canned Peaches By Country Of Origin 1/
(Yen Per Kilogram, CIF 2/)

	MY 1995	MY 1996	MY 1997
United States	124	142	159
China	132	137	134
South Africa	108	124	128
Greece	102	115	121
Chile	105	124	134
Australia	116	137	137

1/ Average for retail size cans, mainly 1-1/2 and 303

2/ Average Exchange Rate (Yen to one U.S. dollar):

1995 = 96.45; 1996 = 112.65; 1997 = 122.70

Source: Customs Bureau, The Ministry of Finance

Canned Pears:

Imports of canned pears in the 1997 marketing year totaled 6,815 metric tons (or \$7.4 million), down 24.6 percent from the previous year. The U.S. supplied 461 metric tons valued at \$583,000, accounting for approximately 6.8 percent of total Japanese canned pear imports (by volume).

Australia is a leading supplier of canned pears to the Japanese market, but, lately, imports of canned pears from South Africa have been rising, with the "Gold Reef" being a major brand from South Africa. The quality of South African products has been improving. Canned pears are largely sold to Japan's fruit Jerry manufacturers, bakers and confectioners.

Average Import Values For Canned Pears By Country Of Origin 1/
(Yen Per Kilogram, CIF 2/)

	MY 1995	MY 1996	MY 1997
United States	123	141	162
Australia	106	126	131
South Africa	117	129	138
China	95	119	117

1/ Average for retail size cans, mainly 1-1/2 and 303

2/ Average Exchange Rate (Yen to one U.S. dollar):

1995 = 96.45; 1996 = 112.65; 1997 = 122.70

Source: Customs Bureau, The Ministry of Finance

Canned Fruit Mixtures:

Japan's total imports of canned fruit mixtures in the 1997 marketing year totaled 9,764 metric tons (or \$12.2 million), down 17.8 percent from the previous year. The U.S. supplied 3,140 metric tons worth \$4.1 million or approximately 32.2 percent of the total.

This season's Japanese offer price for imported canned fruit mixtures from South Africa was \$23.25 (C&F) for a case of 24 size 2 cans, while the offer price for U.S. products was \$22.85 (F.O.B.) for a case of 24 size 2 cans. Offer prices for South Africa and U.S. fruit were made in December 1997 and July 1998, respectively. A C&F-equivalent offer price for U.S. products is approximately \$24.00 after adding freight costs of \$1.00 - \$1.50 per case.

South Africa has been a leading supplier of canned fruit mixtures to Japan, surpassing the United States since 1995. The quality of South African products has improves significantly, especially improved quality of South African peaches supported the quality of canned fruit mixtures.

Average Import Values For Canned Mixtures By Country Of Origin 1/
(Yen Per Kilogram, CIF 2/)

	MY 1995	MY 1996	MY 1997
United States	130	149	164
South Africa	118	142	148
Australia	126	174	162
Greece	132	145	154
Chile	121	139	144

1/ Average for retail size cans, mainly 1-1/2 and 303

2/ Average Exchange Rate (Yen to one U.S. dollar):

1995 = 96.45; 1996 = 112.65; 1997 = 122.70

Source: Customs Bureau, The Ministry of Finance

Marketing

Canned Peaches, Canned Pears and Canned Fruit Mixtures:

The Japanese canned fruit market is primarily a price-driven market, with fluctuations in yen/dollar exchange rate being a key factor in fluctuations in canned fruit product sales. During the 1994 and 1995 marketing years, when the Japanese currency was at 80 -100 yen to one U.S. dollar, canned fruits were very attractive products for many Japanese importers and retailers and supermarket chains heavily promoted canned fruit products with a 100-yen price tag for a size 4 can product. However, at the current exchange rate of 140 yen/dollar, business attractiveness has largely disappeared from canned fruit products. Today, it is extremely difficult for Japanese supermarket chains to sell canned fruit at 100 yen for size 4 can.

This past Spring, some importers raised prices of canned fruit products (importer's selling prices to retailers, food processors and food service operators) in order to reflect rising import costs. However, price hikes resulted in significant reductions in sales in volume. Under the current Japanese stagnant economy, Japanese consumer's purchasing focus for canned fruit products is shifting to low-prices and the consumers buy only what they need. Chinese white peaches have been increasing market share with more attractive pricing. Yellow peaches from South Africa and Greece have also been gaining with improved quality and reasonable pricing.

U.S. exporters should include food service and food processing industries in their marketing efforts. In particular, bakers and confectioners are constantly developing new products using canned fruit. An individually packaged fruit Jerry is a growing product in the Japanese food market and is largely marketed through Japan's fast growing convenience stores. Positive health effects of canned fruit is also a very important factor to promote canned peaches, pears and fruit cocktails. The California Cling Peach Growers Advisory Board marketing plan is encouraging the trade to introduce California canned peaches and fruit cocktail with various menu presentations.

Policy

There are no outstanding policy issues for imports of canned deciduous fruit. The applicable import duty at present are as follows:

Japanese Tariff Rates For Major Canned Deciduous Fruits 1/

COMMODITY 2/	TARIFF CODE (HS)	DUTY RATE (%)
Peaches, Over 2 kg	2008.70.191	9.5
Peaches, 2 kg & Below	2008.70.192	11.3
Pears	2008.40.191	13.2
Mixed Fruit	2008.92.110	8.7

1/ All duties are applied on a CIF basis, and are effective on April 1, 1998.

2/ Represents applicable rate for commodities containing added sugar, the majority of imports.

PS&D Tables and Trade Matrices

Canned Peaches PS&D Table

PSD Table						
Country:	Japan					
Commodity:	Canned Peaches					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		07/1996		07/1997		07/1998
Deliv. To Processors	15000	15000	16000	14000	0	12000
Beginning Stocks	6000	6000	3000	3000	3000	2500
Production	6000	6000	6300	5500	0	5000
Imports	51649	51649	55000	51541	0	52000
TOTAL SUPPLY	63649	63649	64300	60041	3000	59500
Exports	4	4	0	1	0	2
Domestic Consumption	60645	60645	61300	57540	0	57498
Ending Stocks	3000	3000	3000	2500	0	2000
TOTAL DISTRIBUTION	63649	63649	64300	60041	0	59500

Canned Peaches Export Trade Matrix

Export Trade Matrix			
Country:	??	Units:	Metric Tons
Commodity:			
Time period:	Jul-Jun		
Exports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
Taiwan	3	Taiwan	1
United Kingdom	1		
Total for Others	4		1
Others not listed	0		0
Grand Total	4		1

Canned Peaches Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Jul-Jun		
Imports for	1996		1997
U.S.	2351	U.S.	2152
Others		Others	
R. of Korea	255	R. of Korea	273
China	16818	China	19777
Spain	35	Spain	115
Greece	14683	Greece	10516
Chile	2887	Chile	2239
Argentina	379	Argentina	243
South Africa	12522	South Africa	14555
Australia	1698	Australia	1671
Total for Others	49277		49389
Others not listed	21		0
Grand Total	51649		51541

Canned Pears PS&D Table

PSD Table						
Country:	Japan					
Commodity:	Canned Pears					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		07/1996		07/1997		07/1998
Deliv. To Processors	900	1200	900	1300	0	1500
Beginning Stocks	200	200	500	500	500	500
Production	500	667	500	750	0	825
Imports	9044	9044	10000	6815	0	7000
TOTAL SUPPLY	9744	9911	11000	8065	500	8325
Exports	0	0	0	0	0	0
Domestic Consumption	9244	9411	10500	7565	0	7825
Ending Stocks	500	500	500	500	0	500
TOTAL DISTRIBUTION	9744	9911	11000	8065	0	8325

Canned Pears Export Trade Matrix

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Jul-Jun		
Exports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not listed	0		0
Grand Total	0		0

Canned Pears Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Jul-Jun		
Imports for	1996		1997
U.S.	509	U.S.	461
Others		Others	
China	158	China	181
France	81	France	88
Spain	88	Spain	123
Italy	54	Italy	40
South Africa	2304	South Africa	2315
Australia	5849	Australia	3607
Total for Others	8534		6354
Others not listed	1		0
Grand Total	9044		6815

Canned Mixtures PS&D Table

PSD Table						
Country:	Japan					
Commodity:	Canned Mixtures					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		07/1996		07/1997		07/1998
Deliv. To Processors	4500	4500	4500	4000	0	4000
Beginning Stocks	500	500	500	500	500	500
Production	3000	2771	3000	2490	0	2300
Imports	11876	11876	12000	9764	0	10000
TOTAL SUPPLY	15376	15147	15500	12754	500	12800
Exports	3	3	10	9	0	10
Domestic Consumption	14873	14644	14990	12245	0	12290
Ending Stocks	500	500	500	500	0	500
TOTAL DISTRIBUTION	15376	15147	15500	12754	0	12800

Canned Mixtures Export Trade Matrix

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Jul-Jun		
Exports for	1996		1997
U.S.	3	U.S.	7
Others		Others	
		Taiwan	2
Total for Others	0		2
Others not listed	0		0
Grand Total	3		9

Canned Mixtures Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Jul-Jun		
Imports for	1996		1997
U.S.	4054	U.S.	3140
Others		Others	
United Kingdom	1	United Kingdom	0
France	6	France	11
F.R. Germany	4	F.R. Germany	2
Italy	2	Italy	0
Greece	792	Greece	748
Chile	199	Chile	83
South Africa	5917	South Africa	4811
Australia	899	Australia	959
New Zealand	2	New Zealand	9
Total for Others	7822		6623
Others not listed	0		1
Grand Total	11876		9764