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Japan

Fresh Deciduous Fruit

Fresh Deciduous Fruit Annual Report

1999

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Report Highlights:

The 1999 Japanese apple crop is expected to total 942,000 tons, up 7 percent from last year. The bumper crop of apples and other fruits this year will combine to reduce apple prices by 11 to 15 percent compared to last year, according to MAFF. U.S. apples will make their first appearance in Japan since 1997, as U.S. marketers are expected to introduce limited volumes of Fuji and Gala (liberalized along with three other varieties in June, 1999) in early 2000. Consumer interest is expected to be high although long-term market potential will depend on price competitiveness vis-a-vis local product and U.S. industry's ability to meet the high quality expectations of Japanese consumers.

Japanese pear and grape crops are also expected higher in 1999, up 3 percent to 422,980 tons and 4 percent to 242,600 tons, respectively. Grape imports are expected to reach 9,000 tons, up 18 percent from the year before. While pear imports are negligible, Western-style pears are the fastest growing pear variety grown in Japan, with production expected to jump 15 percent to over 30,000 tons.

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Production

Apples:

The 1999 Japanese apple crop is expected to jump 7 percent from last year to 941,400 metric tons, according to a preliminary report released by the Ministry of Agriculture, Forestry and Fisheries (MAFF). This report is based on growing conditions as of August 1. The harvested area in 1999 dropped by 2 percent to 44,600 hectares, due to closures of some orchards and retirement of old trees. Although the Japanese acreage for apple production continues to decline, an excellent crop is expected this year due mainly to good weather during the blossoming and pollination seasons in apple growing regions with good fruit sets.

The Fuji variety, known for its juiciness and sweet taste, continues to lead Japanese apple varieties, accounting for 53 percent of Japan's apple production. Tsugaru, which is also known as a juicy and sweet variety, is the second largest, accounting for 13 percent of production. Jonagold is the fastest growing variety, with acreage up by 3 percent over 1998. By contrast, the area planted to Red Delicious declined by 11 percent from the previous year, with production sliding to an estimated 12,300 metric tons in 1999.

Pears:

Post estimates Japan's pear production (combined "Nashi" Japanese sand pear and western-style pear production) for the 1999 season at 422,980 metric tons, up 3 percent from the previous season, based on a preliminary MAFF estimate. "Nashi" production accounts for approximately 93 percent of Japan's total pear production. The 1999 acreage for "Nashi" pears declined by 1 percent to 16,900 hectares, due to retirement of old trees and a transition in production to new varieties.

While accounting for a comparatively small share of total pear production, western-style pears are growing rapidly in Japan, as farmers are responding to better returns on these varieties. In 1999, production is expected to jump 15 percent to 31,580 metric tons, with LaFrance pears accounting for most of the crop.

Table Grapes:

A preliminary MAFF estimate (based on growing conditions as of July 1) indicates that Japanese table grape production in 1999 will be 242,600 metric tons, up 4 percent from the previous year. The 1999 area harvested to table grapes is estimated to decline by 2 percent from last year, due largely to retiring orchards caused by aging farm populations and transplanting to other fruit varieties. Reportedly, Japan's major table grape growing regions experienced good weather from mid-June through July when blossoming, pollination and fruiting took place. Relatively good weather has continued until the harvesting season. Kyoho (a large, deep purple, sweet grape developed in Japan) and Delaware are the most popular varieties in Japan, accounting for over 50 percent of the market.

Consumption & Marketing

Apples:

Japan's consumption of fresh apples fluctuates with the local harvest as imports comprise a tiny share of the market. Japanese consumption of fresh apples in the 1999-2000 season will likely increase marginally, as this year's domestic

apple production is expected to grow by 7 percent.

Apples (Prices):

On September 17, MAFF issued its price forecast for apples in the coming year and projects apple prices will be 11 to 15 percent lower than last year due to the bumper crop of apples as well as other fruits (notably nikan oranges). Prices will be highest for varieties most preferred by Japanese consumers, namely Fuji, Jonagold, and Tsugaru.

In late August, Tokyo supermarkets were marketing an early crop fruit, Nagano's Tsugaru apples at premium prices. Fruit was sold at 240 yen (\$2.18) for a large sized apple and 680 yen (\$6.18) for a plastic bag of 3 large sized apples. In mid September, when a large volume of apples was distributed in the market, Fuji was marketed at 150 yen (\$1.36) for a medium sized fruit and 450 yen (\$4.09) for a bag of 4 medium sized apples.

Pears and Table Grapes:

Like apples, Japan's consumption of fresh pears and fresh table grapes depend largely on the levels of Japanese production for the year, since imports are relatively small.

Pears and Table Grapes (Prices):

Kosui and Hosui, popular varieties of Japanese sand pears, are widely distributed in the market. Marketing of western-style pears is still fairly limited. Shipments of Kosui variety take place in early August through mid September, while Hosui take place in late August until early October. In mid September (the peak season for "Nashi" pears), Kosui and Hosui are sold at 150 yen (\$1.36) for a medium sized fruit and 480 yen (\$4.36) for a bag of 4 medium sized pears at Tokyo supermarkets.

Domestic table grapes are marketed from early August through early October in nation's supermarkets. In mid September, a favorite variety Kyoho was marketed at 400 - 480 yen (\$3.63-\$4.36) for one cluster or 780 yen (\$7.09) for two clusters. Berry A grapes (a similar variety to Kyoho with slightly smaller berry size) was marketed at similar prices to Kyoho grapes. Delaware (light purple color with small berry size) grapes was retailing for 380 - 480 yen (\$3.45-\$4.36) for a plastic container of 4 clusters at Tokyo supermarkets.

Apples (Marketing):

U.S. apples have not been marketed in Japan since 1997, as the Red and Golden Delicious varieties, the only two varieties allowed in Japan until this coming marketing year, failed to meet the tastes and preferences of Japanese consumers. However, Japanese traders say the potential for success of the recently liberalized varieties, particularly Fuji, is significantly greater, although price will be key. Traders say U.S. Fuji apples should be priced well below domestic Fuji apple prices in order to be competitive in Japan, due to strong consumer perceptions that local apples offer better quality and are safer (less pesticide residues) than imported product.

While trader focus will be on Fuji, the other liberalized varieties (Gala, Granny Smith, Braeburn), also offer niche market potential. Since these varieties are not grown in Japan, initial curiosity is expected to be high when introduced to Japan. For more information on the market potential of new U.S. apple varieties, see JA9033.

Tasmanian Fuji apples made their debut in the Japanese market on June 16, 1999, and the apples were well-received by Japanese consumers and traders. While taste was reportedly comparable to domestic apples, traders say future

sales growth will be limited if prices remain high. Wholesale prices on Tasmanian Fujis in 1999 averaged 550 yen (\$4.58)/Kg - roughly double domestic apple prices. Ito Yokado, Japan's Number 2 supermarket chain, sold 750 cartons (8.5 MT) of Tasmanian apples in the first week of sales in the Tokyo Metro area. Ito Yokado retailed the fruit at 150-198 yen (\$1.25-\$1.65) per piece or 450-590 yen (\$3.75-\$4.92) for a plastic bag of 4 apples, which is 20-30 percent higher than the price of regular-size domestic Fujis.

Table Grapes (Marketing):

Domestic table grapes are primarily sold within a few days after being harvested, and Japanese table grapes are marketed from early August through early October. Japanese traders begin marketing California table grapes as soon as the domestic grape supplies wind down and continue until late January. Chilean grapes are sold in Japan from late December through late May. California and Chilean table grapes are marketed in a similar manner as domestic table grapes through national and regional supermarket chains. One or two clusters of table grapes are packaged in a plastic tray and are sold at retailer's fresh produce section.

Japanese consumers prefer large-size table grapes like Japanese Kyohos, Muscat and Pione, since Japanese customly eat table grapes after peeling the skin. California Red Globes are being well received by Japanese consumers and traders, with their large size, firmness, and long shelf-life. California Thompson Seedless is a fairly popular item at salad bars in Japan's family restaurants. Chileans market Red Globes as well as Thompson Seedless in Japan.

In November, 1998, during the peak marketing season of U.S. grapes, California Red Globes were traded at 4,000-4,300 yen (\$36.36-\$39.09) for a 18-pound case at Tokyo's wholesale market. While, Chilean Red Globes were traded at 3,000-3,300 yen (\$27.27-\$30.00) for a 7.7 kilogram case at Tokyo's Ohta Wholesale Market in late March, 1999.

Trade**Apples (New U.S. Varieties):**

U.S. apples will make their first appearance in Japan since 1997, as growers are expected to introduce limited volumes of Fuji and Gala (liberalized by the Ministry of Agriculture along with three other varieties in June, 1999) in early 2000. Consumer interest is expected to be high although long-term market potential will depend on price competitiveness vis-a-vis local product and U.S. industry's ability to meet the high quality expectations of Japanese consumers.

Imports of U.S. apples ceased after the 1997-98 marketing season, due to poor consumer acceptance of the two varieties approved in the summer of 1994 (Red & Golden Delicious varieties). Japanese traders say the recently approved varieties have a better chance of achieving consumer acceptance than Red Delicious, which is considered an out-dated variety in Japan.

Apples (Tasmanian Fuji Apples):

The first shipments of Tasmanian (Australian) Fuji apples was made in the early summer of 1999, with 9,000 12-kilogram cartons (valued at just under \$250,000). The apples are reportedly being well received by Japanese

consumers with traders reporting high sugar content (13 to 14 degrees Brix) on Australian fruit. Tasmania Apple and Pear Growers Association (TAPGA) plan to increase shipments of Fuji apples to Japan, with sales targets of 30,000 and 70,000 cartons in 2000 and 2001, respectively.

As a result of poor consumer demand for New Zealand apples, there were no shipments of New Zealand apples in the 1998-99 season, reduced from 112 metric tons in the 1997-98 season. France also discontinued exporting to Japan in the 1998-99 season, after poor sales of its Golden Delicious variety in 1997-98. Korea supplied 140 metric tons of Fuji apples to Japan in the 1998-99 season. Average price was \$1.48 per kilogram (CIF), down from \$1.57 per kilogram in the previous season.

Table Grapes:

In the 1998 marketing season, Japan imported 3,833 metric tons of fresh table grapes from the United States, valued at \$8.8 million (C.I.F.) while Chile supplied 3,763 MT, valued at \$7.1 million (C.I.F.). 1998 U.S. sales were up in terms of both volume and value by 54 and 49 percent, respectively from the previous season.

1999 Chilean table grape season has already ended, with the total imports at 4,754 metric tons up 26 percent over last year. The peak U.S. shipments take place in October and November. Average import prices of U.S. and Chilean table grapes for the 1998 season were \$2.31 and \$1.90 per kilogram (C.I.F.), respectively.

Policy**Apples:**

In June, 1999, MAFF lifted its phytosanitary ban on five additional varieties of U.S. apples (Fuji, Gala, Granny Smith, Jonagold and Braeburn) that had completed MAFF's quarantine efficacy testing requirements. The variety-by-variety testing requirement was challenged by the United States and in February, 1999, a WTO Dispute Settlement Board ruled the requirement is a violation of the Sanitary and Phytosanitary Agreement and must be discontinued. Japan has pledged to comply with the WTO decision within this calendar year, although fireblight inspection requirements prevent additional varieties from entering Japan until the fall, 2001 crop.

MAFF lifted its import ban on Tasmanian (Australian) Fuji apples in December, 1998. The first shipment of Tasmanian Fuji apples entered Japan in June, 1999.

Import Duty:

The current import duty on fresh apples (HS code: 0808.10-000) is 17.5 percent, on a CIF basis.

The import duty on fresh table grapes (HS code: 0806.10-000) is 17.5 percent during March 1 to October 31, and 8.7 percent during November 1 to the last day of February. All duties are charged on a CIF basis.

Pears:

U.S. pears are prohibited due to a phytosanitary ban (codling moth).

PS&D Tables and Trade Matrices

Fresh Apples PS&D Table

PSD Table						
Country	Japan					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	49300	49300	48680	48300	0	47308
Area Harvested	46600	46600	45600	45500	0	44600
Bearing Trees	45400	45400	44800	44500	0	43618
Non-Bearing Trees	3900	3900	3910	3790	0	3683
Total Trees	49300	49300	48710	48290	0	47301
Commercial Production	891800	891800	866100	792900	0	847700
NonComm Production	101300	101300	98000	86200	0	93700
TOTAL Production	993100	993100	964100	879100	0	941400
TOTAL Imports	131	131	150	250	0	500
TOTAL SUPPLY	993231	993231	964250	879350	0	941900
Domestic Fresh Consump	817568	762866	794250	708666	0	760900
Exports, Fresh Only	3663	3665	4000	2684	0	3000
For Processing	172000	226700	166000	168000	0	178000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	993231	993231	964250	879350	0	941900

Concentrated Apple Juice PS&D Table

PSD Table						
Country	Jpn					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Deliv. To Processors	172000	226700	166000	168000	0	178000
Beginning Stocks	0	5000	0	5000	0	5000
Production	0	38500	0	28500	0	30000
Imports	0	10128	0	11027	0	12000
TOTAL SUPPLY	0	53628	0	44527	0	47000
Exports	0	0	0	0	0	0
Domestic Consumption	0	48628	0	39527	0	42000
Ending Stocks	0	5000	0	5000	0	5000
TOTAL DISTRIBUTION	0	53628	0	44527	0	47000

Fresh Apple Export Trade Matrix

Export Trade Matrix			
Country	Japan		
Commodity	Fresh Apples		
Time period	Jan-Dec	Units	Metric Ton
Exports for:	1997		1998
US	38	US	44
Others		Others	
Taiwan	2412	Taiwan	887
Thailand	718	Hong Kong	668
Hong Kong	584	Thailand	235
Singapore	438	Singapore	214
Indonesia	223	Russia	206
Russia	63	French Oceania	30
French Oceania	24	Gum	15
Malaysia	24	Indonesia	11
Philippines	14	Philippines	10
Gum	12	New Zealand	3
Total for Others	4512		2279
Others not Listed	17		3
Grand Total	4567		2326

Fresh Apple Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Fresh Apples		
Time period	Jan-Dec	Units	Metric Ton
Imports for:	1997		1998
US	105	US	0
Others		Others	
Korean Republic	22	New Zealand	112
France	12	Korean Republic	108
New Zealand	9		
Nepal	1		
Total for Others	44		220
Others not Listed	0		0
Grand Total	149		220

Concentrated Apple Juice Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Concentrated Apple Juice		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1997		1998
US	2607	US	2052
Others		Others	
China	2017	China	2253
Austria	1986	Austria	1810
Germany	1072	Germany	891
Chile	872	Netherlands	759
New Zealand	767	Chile	693
Australia	438	New Zealand	514
South Africa	350	Brazil	398
Spain	287	Spain	267
Argentina	256	Australia	257
Brazil	130	South Africa	244
Total for Others	8175		8086
Others not Listed	170		366
Grand Total	10952		10504

Fresh Apple Prices Table

Prices Table			
Country	Japan		
Commodity	Fresh Apples		
Prices in	Yen	per cwt	KG
Year	1997	1998	%Change
Jan	271	164	-39.48%
Feb	257	156	-39.30%
Mar	245	169	-31.02%
Apr	253	197	-22.13%
May	260	233	-10.38%
Jun	267	287	7.49%
Jul	282	315	11.70%
Aug	273	232	-15.02%
Sep	205	227	10.73%
Oct	215	327	52.09%
Nov	216	274	26.85%
Dec	194	274	41.24%
Exchange Rate	114.58	Local currency/US\$	
Date of Quote	08/17/99	MM/DD/YYYY	

Fresh Pears PS&D Table

PSD Table						
Country	Jpn					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	20280	20280	20090	20070	0	19851
Area Harvested	18880	18880	18780	18660	0	18544
Bearing Trees	4488	4488	4463	4463	0	4440
Non-Bearing Trees	601	601	580	553	0	509
Total Trees	5089	5089	5043	5016	0	4949
Commercial Production	394700	394700	400800	377400	0	389729
Non-Comm Production	33100	33100	33300	32300	0	33251
TOTAL Production	427800	427800	433600	409700	0	422980
TOTAL Imports	48	48	50	481	0	600
TOTAL SUPPLY	427848	427848	433650	410181	0	423580
Domestic Fresh Consump	421146	421146	426850	404285	0	417080
Exports, Fresh Only	6202	6202	6300	5396	0	6000
For Processing	500	500	500	500	0	500
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	427848	427848	433650	410181	0	423580

Fresh Pears Export Trade Matrix

Export Trade Matrix			
Country	Japan		
Commodity	Fresh Pears		
Time period	Jan-Dec	Units	Metric Ton
Exports for:	1997		1998
US	306	US	483
Others		Others	
Hong Kong	426	Hong Kong	418
Singapore	476	Taiwan	332
Taiwan	400	Singapore	233
Netherlands	109	Australia	64
Thailand	97	Germany	35
Canada	88	Thailand	35
Malaysia	84	Netherlands	28
Australia	84	Malaysia	20
Indonesia	58	Philippines	14
Germany	42	United Kingdom	14
Total for Others	5705		4893
Others not Listed	89		31
Grand Total	6100		5407

Fresh Pears Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Fresh Pears		
Time period	Jan-Dec	Units	Metric Ton
Imports for:	1997		1998
US	0	US	0
Others		Others	
Korean Republic	9	Korean Republic	49
Total for Others	9		49
Others not Listed	0		0
Grand Total	9		49

Fresh Pears Prices Table

Pices Table			
Country	Japan		
Commodity	Fresh Pears		
Pices in	Yen	per cwt	KG
Year	1997	1998	%Change
Jan	327	299	-8.56%
Feb	337	271	-19.58%
Mar	289	276	-4.50%
Apr	316	223	-29.43%
May	206	259	25.73%
Jun	1199	854	-28.77%
Jul	547	411	-24.86%
Aug	303	288	-4.95%
Sep	270	275	1.85%
Oct	274	362	32.12%
Nov	303	328	8.25%
Dec	356	327	-8.15%
Exchange Rate	114.58	Local currency/US\$	
Date of Quote	08/17/99	MM/DD/YYYY	

Fresh Table Grapes PS&D Table

PSD Table						
Country	Jpn					
Commodity	Fresh Table Grapes			(HA)(MT)		
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Area Planted	22800	22800	22200	22200	0	21800
Area Harvested	21400	21400	20900	20900	0	20500
Commercial Production	230200	230200	226200	213300	0	222900
NonComm Production	20700	20700	20500	19400	0	19700
TOTAL Production	250900	250900	246700	232700	0	242600
TOTAL Imports	7350	7350	6800	7648	0	9000
TOTAL SUPPLY	258250	258250	253500	240348	0	251600
Domestic Fresh Consump	233739	226639	228490	209335	0	219590
Exports, Fresh Only	11	11	10	13	0	10
For Processing	24500	31600	25000	31000	0	32000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	258250	258250	253500	240348	0	251600

Fresh Table Grapes Export Trade Matrix

Export Trade Matrix			
Country	Japan		
Commodity	Fresh Table Grapes		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	1997		1998
US	0	US	0
Others		Others	
Hong Kong	9	Hong Kong	13
Singapore	1		
Total for Others	10		13
Others not Listed	1		1
Grand Total	11		14

Fresh Table Grapes Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Fresh Table Grapes		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1997		1998
US	2488	US	3833
Others		Others	
Chile	4805	Chile	3764
New Zealand	57	New Zealand	27
		Mexico	14
		Bulgaria	6
		Taiwan	4
Total for Others	4862		3815
Others not Listed	0		0
Grand Total	7350		7648

Fresh Table Grapes Prices Table

Prices Table			
Country	Japan		
Commodity	Fresh Table Grapes		
Prices in	Yen	per cwt	KG
Year	1997	1998	%Change
Jan	828	661	-20.17%
Feb	763	481	-36.96%
Mar	1118	879	-21.38%
Apr	3037	3179	4.68%
May	1819	1930	6.10%
Jun	1190	1104	-7.23%
Jul	937	761	-18.78%
Aug	613	634	3.43%
Sep	544	626	15.07%
Oct	485	738	52.16%
Nov	578	984	70.24%
Dec	616	898	45.78%
Exchange Rate	114.58	Local currency	US\$
Date of Quote	08/17/99	MM/DD/YYYY	