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Japan

Fresh Deciduous Fruit

Annual

2001

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Report Highlights:

The Japanese apple production is expected to increase 12 percent in 2001 to 894,800 metric tons. Although the volume is still small, U.S. apples are slowly increasing penetration in Japan. Korea boosted its shipments of fresh apples to the Japanese market in the 2000/2001 season through competitive pricing. The year round sales of table grapes from California and Chile increased.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

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The 2001 Japanese Apple Crop is Expected to Increase Approximately 12 Percent

In 2001, Japanese apple production is expected at 894,800 metric tons, up approximately 12 percent from last year, according to the Ministry of Agriculture (MAFF). Japan's apple growing regions experienced relatively good weathers during the flowering, pollination and fruiting seasons. The fruit growth also took relatively well during the summer season. This year's Japanese apple market is expected to be fairly stable with the sufficient supply of good quality fruit, according to Tokyo's Ohta Fresh Produce Market traders.

Wholesale price is also expected to be stable this season. The taste of Japanese apples for the 2001 crop is reportedly excellent with fairly high Brix levels of 14 - 15 degrees. The most common sized fruit for this year's crop is being 36 (36 apples per 10 kilogram box), followed by size 40. Currently, an early crop variety, Tsugaru apples are harvested in Nagano prefecture and traded at 3,200 - 3,600 yen (\$27.11 - \$30.50) for a 10 kilogram box at Tokyo's Ohta Wholesale Market. Tsugaru harvesting will continue until early October. Tsugaru apples are currently sold at 130 - 160 yen (\$1.10 - \$1.35) per fruit and 980 yen (\$8.30) for a plastic bag of 10 apples at Tokyo's supermarket. Japan's peak marketing season of apples starts in November when the harvesting of Japan's number one variety, Fuji apple, peaks in northern Japan. Fuji apples take approximately 55 percent of Japan's apple market.

Competitive Pricing is a Key for Marketing Washington Apples in Japan

Marketing Washington apples in the Japanese market is still a challenge for many Japanese retailers. The Japanese market recognizes Washington Fujis are a top quality fruit, but the price of Washington Fujis is not yet quite competitive with Aomori's Fuji apples, according to a buyer at Tokyo's top supermarket. The quality of Washington Fujis is as good as domestic Fuji apples, in terms of taste, appearance and size. Brix levels of Washington Fujis, for example, are at 13 - 14 degrees, which are very close to those of domestic Fujis.

Last season, Tokyo's supermarkets sold Washington Fuji apples at 180 - 198 yen (\$1.52 - \$1.67) for a medium sized fruit (a similar size to the Japanese size 36) and 398 yen (\$3.37) for a bag of three medium sized apples. While, at the same time, Aomori's Fuji apples were sold at around 150 yen (\$1.27) for a medium sized fruit (size 36) and 98 - 100 yen (\$0.83 - \$0.84) for a slightly smaller medium sized fruit (size 40.) U.S. Fujis were actually sold at 30 - 50 yen (\$0.25 - \$0.42) higher than Aomori's Fujis per fruit. Japanese retailers expect sales increase of U.S. apples, if they can retail U.S. apples at 100 - 150 yen (\$0.84 - \$1.27) per fruit. The 2000 Washington apple sales reached 322 metric tons, valued at \$0.47 million (CIF).

Korean Fujis Will Likely Be a Major Competitor to Washington Apples in the Japanese Market

In the 2000/2001 season, Korea supplied 1,479 metric tons of Fuji apples to the Japanese market from November 2000 through April 2001, a dramatic increase from the 6.5 metric tons the previous season. Korean apple reputation is fairly good among Japanese retailers and consumers in terms of tastes and prices. While quality of Korean Fujis are relatively good, Brix levels are slightly lower than the levels of Japanese Fujis, according to Tokyo's traders. Korean Fujis retailed very competitively at 100 - 150 yen (\$0.84 - \$1.27) for a large to medium sized fruit (sizes 32 and 36) at supermarkets.

Korea's exporting cost of fresh apples to Japan is significantly lower than the exporting cost of the U.S., since Korean apples, unlike the United States ones, have no phytosanitary export restrictions to Japan. Lower

transportation cost is also an advantage for Koreans marketing apples in Japan. The average import price (CIF) of Korean apples in the 2000/2001 season was \$0.80 per kilogram, while the import price (CIF) of U.S. apples was \$1.45 per kilogram.

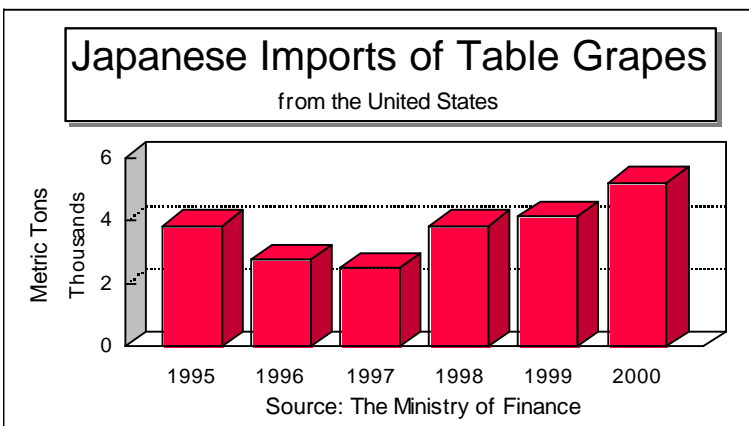
Australian (Tasmanian) Fujis Experienced a Tough Marketing in Japan

In anticipation of a short supply of Fuji apples in Japan's early summer season, Japanese traders and Australian suppliers increased the import volume of Tasmanian Fuji apples to 50,000 cartons (approximately 600 metric tons) in 2001, double the volume of last year. However, the sales of Tasmanian Fujis in the Japanese market did not expand as much as the traders expected, due to the extremely strong sales of controlled atmosphere (CA) stored Japanese Fuji apples.

Australia supplied small sized apples to the Japanese market this season, ranging from size 60 (60 apples per 12 kilogram box) through size 83. The taste of Tasmanian apples was relatively good, with Brix levels of 14 - 15 degrees, but the color of the fruit was not favored by Japanese consumers, according to Tokyo's traders. In May 2001, the apples were traded at 3,600 - 4,800 yen (\$30.50 - \$40.67) for a 12 kilogram box at Tokyo's Ohta Wholesale Market. Tasmanian Fujis were initially marketed at 128 - 150 yen (\$1.08 - \$1.27) for a medium sized fruit at Tokyo's major supermarket, later in the season, sold for 198 yen (\$1.67) for a bag of 5 apples.

California Table Grapes Continue to Grow in the Japanese Market

In the 2000 marketing season, California table grapes reached sales of 5,206 metric tons in Japan, up approximately 26 percent from the previous season, valued at \$10.23 million (CIF).



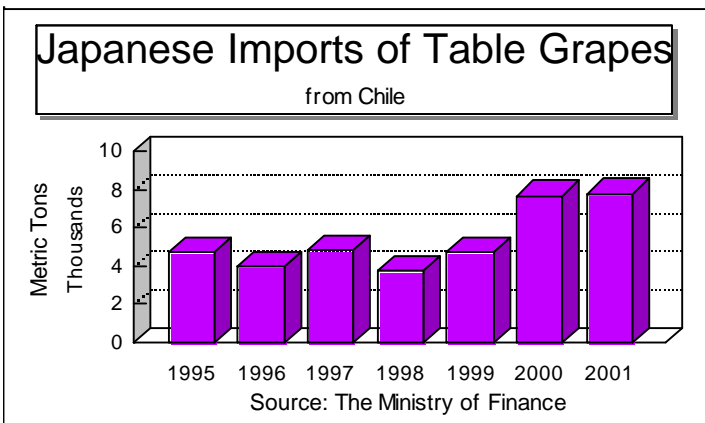
California table grapes, largely the Red Globe variety, have established a strong foot-hold in the Japanese market, with a good reputation for taste and quality among Japanese traders and consumers.

The 2001 new crop shipment of California's Red Globes arrived in the Japanese market in early September. The quality of the new crop is reportedly excellent, in term of tastes, appearances and arrival fruit conditions, according to Tokyo's Ohta Market traders. The traders also commented

that the shrinkage of California table grapes have significantly reduced in the recent seasons, because of good packaging and handling practices by California growers. Sales of the 2001 crop of California table grapes are expected to be up 5 - 10 percent, according to Japanese industry sources. The new crop California Red Globe grapes are currently trading at 3,600 - 3,800 yen (\$30.50 - \$32.20) for a 9 kilogram case at Tokyo's Ohta Wholesale Market.

Chile Continues a Steady Marketing of its Table Grapes in Japan

Complementing U.S. exports, Chile has established a good market for its table grapes in Japan, with the sales in



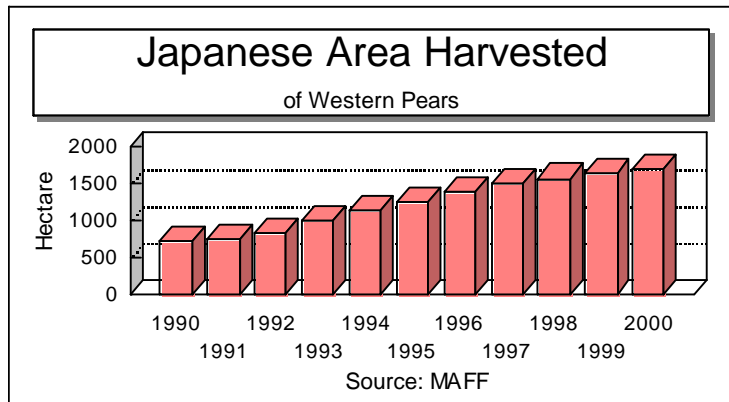
the 2001 crop reaching 7,800 metric tons, valued at \$12.9 million (CIF.) Chile's Red Globe, like California's Red Globe, has gained a good reputation for quality among Japanese traders and consumers. Taking advantage of counter-seasonal supply shortage, Chilean table grapes are unlikely to compete with California grapes in the Japanese market. Chile supplies table grapes to Japan from January through June, while California ships the fruit from September through January. With Chile's shipment to the Japanese market, table grapes are now sold year round. The year round sales have enhanced the sales of the fruit for both countries, according to Ohta Market traders. In January

2001, Chile's new crop Red Globes were traded at 3,800 - 4,000 yen (\$32.20 - \$33.89) for a 7.7 kilogram case at Tokyo's Ohta Wholesale Market, while Chile's Thompson Seedless grapes were traded at 4,500 yen (\$38.13.)

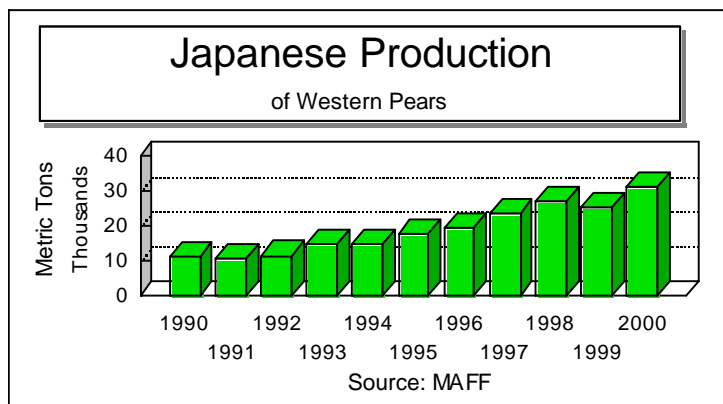
High Japanese Import Duties are Still Imposed on Fresh Apples and Table Grapes

The current Japanese import duty on fresh apples (HS code: 0808.10-000) is 17.0 percent, on a CIF basis. The import duty on fresh table grapes (HS code: 0806.10-000) is 17.0 percent during March 1 to October 31, and 7.8 percent during November 1 to the last day of February, on a CIF basis. These duties are not subject to further reductions outside the next round of WTO negotiations.

Japanese Western Pear Production Growing Steadily



Although Japan's Western pear production is relatively small compared to the production of Japanese sand pears, the planted acreage of Western pears is steadily growing. The area planted for Western pear trees in Japan in the 2000 crop season was 1,690 hectare, up 4 percent from the previous year, and the total production was 31,300 metric tons, an increase of 24 percent from the previous season.



Western pears are largely produced in Yamagata prefecture, a northern region of Japan, as a part of the Yamagata agricultural development plan. Yamagata produces La France variety and markets in Japan's niche - "gift market." When the fruit ripens, La France gives a strong aroma which appeals to Japanese consumers. La France pears are largely marketed from October through December and were traded at 250 - 300 yen (\$2.11 - \$2.54) per kilogram in Japan's wholesale market in the 2000 season.

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

PS&D Tables and Trade Matrices

Fresh Apple PS&D Table

PSD Table						
Country	Japan					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Planted	47500	47500	46700	46800	0	46000
Area Harvested	44600	44600	44000	43900	0	43200
Bearing Trees	43600	43600	42700	43000	0	42400
Non-Bearing Trees	3870	3870	3950	3800	0	3730
Total Trees	47470	47470	46650	46800	0	46130
Commercial Production	830400	830400	766900	712700	0	797600
Non-Comm. Production	97300	97300	95600	86900	0	97200
TOTAL Production	927700	927700	862500	799600	0	894800
TOTAL Imports	464	464	600	2405	0	3500
TOTAL SUPPLY	928164	928164	863100	802005	0	898300
Domestic Fresh Consump	777719	777719	731600	670759	0	745900
Exports, Fresh Only	2445	2445	2500	2246	0	2400
For Processing	148000	148000	129000	129000	0	150000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	928164	928164	863100	802005	0	898300

Concentrated Apple Juice PS&D Table

PSD Table						
Country	Japan					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Deliv. To Processors	148000	148000	129000	129000	0	150000
Beginning Stocks	0	5000	0	5000	0	2000
Production	0	24900	0	21700	0	25200
Imports	0	14305	0	13624	0	13000
TOTAL SUPPLY	0	44205	0	40324	0	40200
Exports	0	0	0	0	0	0
Domestic Consumption	0	39205	0	38324	0	38200
Ending Stocks	0	5000	0	2000	0	2000
TOTAL DISTRIBUTION	0	44205	0	40324	0	40200

Fresh Apple Export Trade Matrix

Export Trade Matrix			
Country	Japan		
Commodity	Fresh Apples		
Time period	Jul. - Jun.	Units:	Metric Tons
Exports for:	1999		2000
U.S.	43	U.S.	44
Others		Others	
Taiwan	1788	Taiwan	1596
Thailand	208	Thailand	224
Hong Kong	205	Hong Kong	257
Singapore	97	Singapore	38
French Oceania	20	Indonesia	46
Philippines	12	French Oceania	17
Guam	11		
United Kingdom	10		
Total for Others	2351		2178
Others not Listed	51		24
Grand Total	2445		2246

Fresh Apple Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Fresh Apples		
Time period	Jul. - Jun.	Units:	Metric Tons
Imports for:	1999		2000
U.S.	211	U.S.	323
Others		Others	
Australia	247	Australia	603
South Korea	6	South Korea	1479
Total for Others	253		2082
Others not Listed	0		0
Grand Total	464		2405

Concentrated Apple Juice Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Concentrated Apple Juice		
Time period	Jul. - Jun.	Units:	Metric Ton
Imports for:	1999		2000
U.S.	2252	U.S.	2128
Others		Others	
China	4976	China	4560
Austria	2028	Austria	2394
South Africa	475	South Africa	700
New Zealand	585	New Zealand	620
Germany	746	Germany	598
Chile	969	Chile	600
Brazil	405	Brazil	794
Australia	423	Australia	749
Spain	320	Spain	260
Total for Others	10927		11275
Others not Listed	1126		221
Grand Total	14305		13624

Fresh Apple Wholesale Price Table

Prices Table			
Country	Japan		
Commodity	Fresh Apples		
Prices in	Yen	per uom	KG
Year	2000	2001	% Change
Jan	204	290	42.16%
Feb	210	283	34.76%
Mar	245	288	17.55%
Apr	294	303	3.06%
May	308	332	7.79%
Jun	292	378	29.45%
Jul	300	431	43.67%
Aug	321		-100.00%
Sep	263		-100.00%
Oct	256		-100.00%
Nov	264		-100.00%
Dec	287		-100.00%
Exchange Rate	120.34	Local currency/US \$	

Fresh Pear PS&D Table

PSD Table						
Country	Japan					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Planted	19920	19920	19700	19650	0	19380
Area Harvested	18530	18530	18400	18390	0	18150
Bearing Trees	4448	4448	4440	4420	0	4390
Non-Bearing Trees	521	521	490	470	0	430
Total Trees	4969	4969	4930	4890	0	4820
Commercial Production	383500	383500	380700	391300	0	379800
Non-Comm. Production	32200	32200	34100	32500	0	32000
TOTAL Production	415700	415700	414800	423800	0	411800
TOTAL Imports	309	309	400	576	0	600
TOTAL SUPPLY	416009	416009	415200	424376	0	412400
Domestic Fresh Consump	411340	411340	409700	420685	0	408900
Exports, Fresh Only	4169	4169	5000	3191	0	3000
For Processing	500	500	500	500	0	500
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	416009	416009	415200	424376	0	412400

Fresh Pear Export Trade Matrix

Export Trade Matrix			
Country	Japan		
Commodity	Fresh Pears		
Time period	Jul. - Jun.	Units:	Metric Tons
Exports for:	1999		2000
U.S.	533	U.S.	415
Others		Others	
Hong Kong	2927	Hong Kong	1905
Taiwan	400	Taiwan	400
Singapore	77	Singapore	174
Australia	71	Australia	42
Netherlands	70	Netherlands	85
Thailand	27	Canada	66
Germany	16	Malaysia	46
Guam	13	United Arab Emirates	22
		Germany	14
Total for Others	3601		2754
Others not Listed	34		22
Grand Total	4168		3191

Fresh Pear Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Fresh Pears		
Time period	Jul. - Jun.	Units:	Metric Tons
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
South Korea	308	South Korea	576
Total for Others	308		576
Others not Listed	0		0
Grand Total	308		576

Fresh Pear Wholesale Price Table

Prices Table			
Country	Japan		
Commodity	Fresh Pears		
Prices in	Yen	per uom	KG
Year	2000	2001	% Change
Jan	287	223	-22.30%
Feb	260	209	-19.62%
Mar	245	201	-17.96%
Apr	189	198	4.76%
May	202	229	13.37%
Jun	1068	1005	-5.90%
Jul	574	512	-10.80%
Aug	319		-100.00%
Sep	238		-100.00%
Oct	218		-100.00%
Nov	226		-100.00%
Dec	261		-100.00%
Exchange Rate	120.34	Local currency/US \$	

Fresh Table Grape PS&D Table

PSD Table						
Country	Japan					
Commodity	Fresh Table Grapes				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	21800	21800	21400	21500	0	21300
Area Harvested	20500	20500	20300	20200	0	20000
Commercial Production	222600	222600	220700	217700	0	214600
Non-Comm. Production	19400	19400	19400	19800	0	19600
TOTAL Production	242000	242000	240100	237500	0	234200
TOTAL Imports	9005	9005	12500	13218	0	15000
TOTAL SUPPLY	251005	251005	252600	250718	0	249200
Domestic Fresh Consump	219481	219481	221070	222695	0	219180
Exports, Fresh Only	24	24	30	23	0	20
For Processing	31500	31500	31500	28000	0	30000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	251005	251005	252600	250718	0	249200

Fresh Table Grape Export Trade Matrix

Export Trade Matrix			
Country	Japan		
Commodity	Fresh Table Grapes		
Time period	Jan. - Dec.	Units:	Metric Tons
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Hong Kong	23	Hong Kong	23
Total for Others	23		23
Others not Listed	1		0
Grand Total	24		23

Fresh Table Grape Import Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Fresh Table Grapes		
Time period	Jan. - Dec.	Units:	Metric Tons
Imports for:	1999		2000
U.S.	4114	U.S.	5206
Others		Others	
Chile	4754	Chile	7700
Taiwan	99	Taiwan	215
New Zealand	23	New Zealand	29
Mexico	10	Mexico	49
South Korea	2	South Korea	8
		China	9
Total for Others	4888		8010
Others not Listed	3		2
Grand Total	9005		13218

Fresh Table Grape Wholesale Price Table

Prices Table			
Country	Japan		
Commodity	Fresh Table Grapes		
Prices in	Yen	per uom	KG
Year	2000	2001	% Change
Jan	713	631	-11.50%
Feb	667	548	-17.84%
Mar	825	585	-29.09%
Apr	2576	2920	13.35%
May	1604	1673	4.30%
Jun	1184	1044	-11.82%
Jul	907	890	-1.87%
Aug	595		-100.00%
Sep	559		-100.00%
Oct	583		-100.00%
Nov	717		-100.00%
Dec	634		-100.00%
Exchange Rate	120.34	Local currency/US \$	