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Japan

KIWIFRUIT REPORT

Kiwifruit Annual Report

1999

Prepared by:

Michael D. Woolsey

U.S. Embassy

Drafted by:

Kenzo Ito

Report Highlights:

Japanese kiwifruit demand contracted slightly in marketing year 1998, with total consumption declining 5 percent to 79,000 tons. The United States continues to be a very minor player in the market with sales of less than 500 tons last year. Total imports, nearly all from New Zealand and Chile, also declined, falling 6 percent to below 40,000 tons.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tokyo[JA1], JA

Table of Contents

Production 1

Consumption 1

Trade 1

Marketing 2

Policy 2

PS&D Tables and Trade Matrices 4

 Kiwifruit PS&D Table 4

 Kiwifruit Export Trade Matrix 5

 Kiwifruit Import Trade Matrix 6

 Kiwifruit Prices Table 7

Production

According to Japanese fruit grower's association, Japan's kiwifruit production in the 1998 marketing season is estimated at 37,800 metric tons, down 4 percent from the previous season, with harvested acreage down by roughly 7 percent from 1997. This represents a continuation in the general declining trend in kiwi production, resulting from Japan's rapidly aging farm population.

While production volume was down, quality and yield of this year's crop was good, with relatively large sized fruit, benefiting from warm weather in the growing region. Japanese kiwifruit are largely produced along the coast of the Pacific in the western and central Japan. Ehime, Fukuoka, Wakayama, Yamanashi and Shizuoka prefectures harvest approximately 60 percent of Japan's kiwi production. Over 99 percent of Japanese kiwifruit are the "Hayward" variety and harvested in October and November. The marketing season for domestic kiwifruit is from November through April, with the peak marketing during the months of January through March utilizing temperature controlled cold storage facilities.

According to Japanese fresh produce industry sources, the outlook for Japan's future kiwifruit production is fairly grim, with a further contraction in acreage expected.

Consumption

Per capita consumption of fresh kiwis in the 1997 marketing year was 627 grams, a marginal decline from 1996. Japanese consumption of both domestic and imported kiwis have been in a slow declining trend in the last few years. A dramatic increase in consumption of kiwifruit seems extremely difficult in the near future without a drastic change in marketing strategy or significant improvement in the taste of the fruit, according to Japanese trade sources.

Japanese kiwis are largely consumed fresh, with only a very small amount used in the processing sector in confectionery, jam, fruit jelly and ice cream products. Fresh kiwis are commonly sliced and served in salads, often mixed with vegetables. Fresh kiwis are also consumed as desserts, with cutting the fruit in half to be eaten with a tea spoon. Japanese domestic kiwis are quite often served in Japanese school lunch programs.

Trade

Imports account for roughly half of Japan's total kiwifruit disappearance, with annual shipments of 40,000 metric tons. To-date, imports have primarily been a counter-seasonal deal, with shipments entering Japan when domestic kiwi sales taper in April and dominate the market until October. Most shipments are from New Zealand and Chile.

The United States supplied 168 metric tons of fresh kiwis to the Japanese market, valued at \$435,000 in the 1997 marketing year, accounting for less than one percent of Japan's total kiwifruit imports. Lately, imports of U.S. kiwifruit have declined significantly due largely to the increased competition with Japanese kiwis. Japanese kiwi producers have extended the supply window until May utilizing temperature-controlled cold storage facilities.

New Zealand continues to dominate Japan's kiwi fruit import market, accounting for approximately 87 percent

of Japan's total kiwi imports. Chile has steadily increased its shipments of fresh kiwis to the Japanese market, and currently shares approximately 12 percent of the nation's total kiwi imports. The reputation of Chilean kiwifruit among Japanese traders has increased significantly, with improved arrival quality of Chilean products. Chilean suppliers have put every means of efforts to improve product's quality for the Japanese market, utilizing CA (controlled atmosphere) storage facilities.

Marketing

Fresh kiwis are available year-round in Japanese supermarkets, with Japanese domestic kiwis and imports from New Zealand/Chile splitting the market almost half and half by supplying seasons. Japanese domestic kiwis are marketed from November through May, with the peak marketing in February, March and April. New Zealand starts supplying fresh kiwis to the Japanese market in April and continues until January. Chile supplies kiwis from April through November, with peak marketing taking place in May and June.

U.S. fresh kiwis are available from November through April. However, marketing U.S. kiwis in Japan is currently problematic, since U.S. kiwis have to compete head-on with Japanese domestic kiwis. Lately, domestic kiwis have significantly improved in terms of quality and size, yet marketed at relatively low prices.

Domestic kiwis are currently traded at 1,000 - 1,500 yen (\$8.93 - \$13.39) for a 3.6 kilogram tray of large sized kiwis at Tokyo's wholesale market. While, retail stores sell domestic kiwis at 100 yen (89 cents) for a large sized fruit and 300 - 350 yen (\$2.68 - \$3.12) for a plastic container of 6 medium sized kiwis. New Zealand kiwis are also sold at 100 yen (89 cents) for a jumbo sized kiwi and 300 yen (\$2.68) for a pack of 5 medium sized fruit at Tokyo's supermarkets.

New Zealand kiwifruit are marketed under "Zespri" brand, with intensive marketing activities at Japanese retail stores, supermarkets and wholesale markets. Markets of New Zealand kiwis stress health benefits of kiwis, distributing POP marketing materials and video tapes that demonstrate health benefits of kiwis with practical menu presentations. Chile is also active in marketing kiwifruit in Japan

Policy

There are no outstanding policy issues with respect to imports of fresh kiwifruit. The GOJ import duty for fresh kiwifruit (HS code: 0810.50-000) is presently 6.9 percent, CIF basis.

**Average Import Prices of Fresh Kiwifruit by Country of Origin
(Yen per Kilogram, CIF 1/)**

Country of Origin	MY1995	MY1996	MY1997
R. of Korea	- 2/	- 2/	215
U.S.A.	80	- 3/	330
Chile	97	159	183
New Zealand	206	212	209

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

1995=112.60, 1996=122.70, 1997=134.60

2/ No imports

3/ Insufficient data to compute a credible average price.

Source: Customs Bureau, Ministry of Finance

**Average Japanese Wholesale Prices of Kiwifruit by Month
(Yen per Kilogram 1/)**

	1997		1998	
	Domestic	Imports	Domestic	Imports
January	263	299	302	308
February	260	315	319	272
March	283	253	368	280
April	345	335	421	386
May	337	371	389	379
June	275	358	360	365
July	298	351	262	355
August	365	365	212	356
September	235	367	376	370
October	261	364	288	371
November	219	361	246	368
December	271	336		

1/ Exchange Rate: 112.5 yen to one U.S. dollar on January 6, 1999.

Source: Ministry of Agriculture, Forestry and Fisheries

PS&D Tables and Trade Matrices

Kiwifruit PS&D Table

PSD Table						
Country:	Japan					
Commodity:	Kiwifruit					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Bearing Area	3740	3740	3480	3510	0	3260
Non-Bearing Area	140	140	100	70	0	70
TOTAL Area Planted	3880	3880	3580	3580	0	3330
TOTAL Area Harvested	3740	3740	3480	3510	0	3260
TOTAL Production	43900	43900	40400	39400	0	37800
Imports	42328	42328	43000	39661	0	40000
TOTAL SUPPLY	86228	86228	83400	79061	0	77800
Exports	0	5	0	1	0	1
Domestic Consumption	86228	86223	83400	79060	0	77799
TOTAL DISTRIBUTION	86228	86228	83400	79061	0	77800

Kiwifruit Export Trade Matrix

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Oct-Sept		
Exports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
Russian Fed.	5	Hong Kong	1
Total for Others	5		1
Others not listed			
Grand Total	5		1

Kiwifruit Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Oct-Sept		
Imports for	1996		1997
U.S.	0	U.S.	168
Others		Others	
Chile	3612	R. of Korea	169
New Zealand	38716	Chile	4654
		New Zealand	34671
Total for Others	42328		39494
Others not listed			
Grand Total	42328		39662

Kiwifruit Prices Table

Prices Table			
Country:			
Commodity:			
Year:	1998		
Prices in (currency)	Yen	per (uom)	KG
Year	1997	1998	% Change
Jan	263	302	14.8%
Feb	260	319	22.7%
Mar	283	368	30.0%
Apr	345	421	22.0%
May	337	389	15.4%
Jun	275	360	30.9%
Jul	298	262	-12.1%
Aug	365	212	-41.9%
Sep	235	376	60.0%
Oct	261	288	10.3%
Nov	219	246	12.3%
Dec	271		-100.0%
Exchange Rate	112.5	(Local currency/U S \$)	
Date of Quote	06-Jan-99	(MM/DD/ YY)	