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Report Highlights:

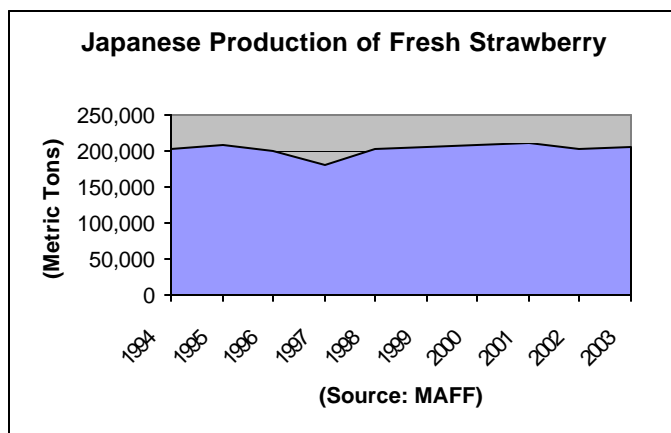
Japan's strawberry production, estimated at 205,000 metric tons in 2003, is slowing down due to labor shortage in some regions. Domestic strawberries are mostly sold in the winter and spring, but Hokkaido farmers start harvesting their strawberries in the summer for sale to Japan's confectionary industry. The United States exported 3,900 metric tons of fresh strawberries to Japan in 2003, down 3.8 percent from the previous year. These were valued at \$30.34 million (CIF). The California Strawberry Commission's "summer strawberry" campaign very successfully promoted California strawberries in Japan's retail and food service sectors. China is the leader in sales of frozen strawberries to Japan with a 58 percent market share. The United States exported 7,697 metric tons of frozen strawberries to Japan in 2003, down 7.2 percent from the previous year.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Growth Trend in Japan's Strawberry Production Slowing Down



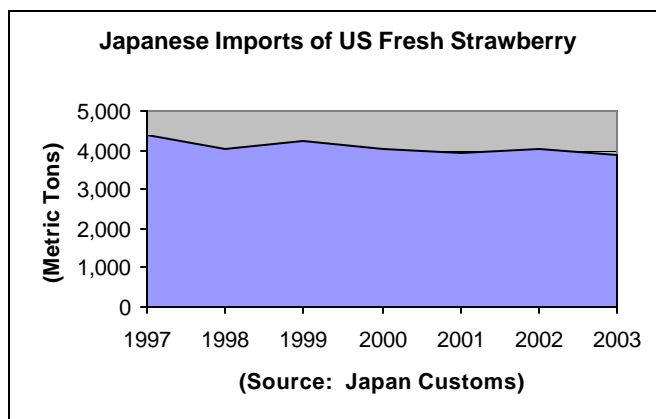
Although Japan's strawberry production was growing marginally in the last decade, its growth trend has been slowing down recently due to the labor shortage in some regions. US Embassy, Tokyo estimates that the Japanese production in 2003 was 205,000 metric tons, a marginal increase from 2002 when the production declined noticeably due to the cold temperatures in the major production region of Tochigi prefecture. The area harvested for strawberries in 2003 is estimated at 7,100 hectares,

down approximately 2 percent from the previous year. Tochigi prefecture, north of Tokyo, produces approximately 14 percent of the nation's strawberries, and Fukuoka and Kumamoto prefectures in the south region produce 10 and 7 percent, respectively. Japanese strawberry harvesting starts in early December and continues until May, with the peak season in February and March. The majority of Japanese strawberries are grown in green houses and most are sweet varieties.

Summer Strawberry Production for Confectionary Use Started

Traditionally, domestic strawberries are available in the market in the winter and spring, while very few are available in the summer and fall. Hokkaido farmers started summer crop strawberry production using abandoned rice field, which was resulted from the government rice acreage reduction program. Hokkaido summer strawberries are harvested under a business contract with a 100% buy-out guarantee from Japan's confectionary industry. California is a major supplier to Japan's confectionary industry in summer. However, Japanese importers do not anticipate that Hokkaido summer strawberries will become a major threat to California strawberries since their production volume is so limited and Hokkaido berry prices are twice as much as California ones. Hokkaido farmers sold approximately \$120,000 worth of strawberries in 2003 and plan to expand their sales to \$1 million in the near future.

US Fresh Strawberry Imports Stable



In 2003, Japanese imports of fresh strawberries from the United States were 3,900 metric tons, down 3.8 percent from the previous year and valued at \$30.34 million (CIF). The United States has a market share of 95.8 percent in Japan's fresh strawberry import market, followed by South Korea (3.8 %) and Australia (0.3 %). The average import price of fresh US strawberries was \$7.78 per kilogram (CIF) in 2003. US fresh strawberry sales begin in the early summer after domestic strawberry sales are complete and continue until late fall before the new domestic crop sales start. According to Japanese

traders, approximately 90 percent of fresh US strawberries go to Japan's confectionary sector and the rest go to the retail sector. US strawberries sold in Japan are largely proprietary varieties such as Driscoll and Well-Pict.

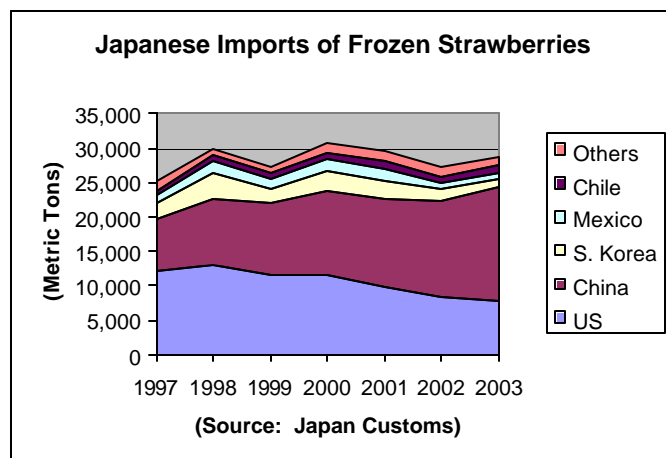
"Summer Strawberry" Campaign Made a Big Hit

The California Strawberry Commission, along with Japanese retailers, launched promotions of California strawberries under the theme of "summer strawberry". Japanese consumers are accustomed to buying strawberries in the winter and spring. Therefore, marketing fresh strawberries in the summer is not an easy task for Japanese retailers. As part of the "summer strawberry" campaign, the California Strawberry Commission conducted an in-store display contest in order to increase the appeal of summer strawberries to Japanese consumers. Japan's major supermarkets joined the campaign and each store promoted California strawberries with a creative display. Often a big display was placed at the store entrance, where there is heavy traffic. The Campaign also featured girls who provided samples of California strawberries for store visitors to taste. Stores provided a leaflet of sample menus and often displayed yogurt and ice cream beside the fresh strawberries.

Also as part of the "summer strawberry" campaign, Japan's largest convenience store conducted a "summer strawberry" dessert fair in its 6,200 stores nationwide. Each store displayed a large banner saying, "Summer is the Prime Season – California Strawberries". A leaflet explained that fresh picked strawberries are air shipped from California. That unlike Japanese greenhouse-grown berries, California strawberries are grown in California's fertile land with plenty of sunshine. Strawberries are available all year round in California, and the summer crop is good. The leaflet also explained that the berry's vivid red color, firm flesh, and well-balanced acids provide the perfect choice for summer desserts.

The wholesale price of California strawberries has been fairly stable this season. In early October, US fresh strawberries were sold at \$64.48 (7,000 yen) per 5-kilogram case, down marginally from last year, at Tokyo's Ohta Fresh Produce Wholesale Market. US strawberries are pre-packaged in California in a retail-size clamshell container and sold at \$4.58 (498 yen) for a package of 6 oz (284 grams) in Tokyo supermarkets. During supermarket sales campaigns they are often sold at a discounted price of \$3.66 (398 yen) per pack.

China the Leader in Japan's Frozen Strawberry Market



Traditionally, the United States has been the number one supplier of frozen strawberries to the Japanese market, but in the recent years China has significantly increased its shipments of frozen strawberries to Japan. China supplied 16,581 metric tons of frozen strawberries in 2003 which was approximately 58 percent of Japan's frozen strawberry market. US shipments were down 7.2 percent from the previous year to 7,697 metric tons (approximately a 28 percent market share). South Korea and Chile shipped 1,328 and 1,175 metric tons, dropping

their market shares to approximately 4.6 and 4.1 percent, respectively. China increased their sales of frozen strawberries in Japan, mostly thanks to their lower price. In 2003, the average import price of Chinese strawberries was \$1.01 per kilogram (CIF), approximately

one half of the price of strawberries from the US (\$2.12 per kilogram). Imported frozen strawberries are largely used in Japan's jam industry, where the price of ingredients is a significant factor in the manufacturer's ability to compete in the market, according to Japanese traders. China produces a variety similar to the US Camarosa and Chandler varieties. China's freezing facilities are relatively new but their product quality has improved significantly.

High Import Duties Continue to be Applied to Fresh and Frozen Strawberries

These duties are not subject to further reductions outside of the next round of WTO negotiations. The applicable import duties are as follows:

TARIFF CODE (HS)	DESCRIPTION	DUTY RATE
0810.10-000	Fresh Strawberry	6.0 %
0811.10-100	Frozen Strawberry Added Sugar	9.6 %
0811.10-200	Frozen Strawberry No Added Sugar	12.0 %

All duties are charged on a CIF basis.

PS&D Table and Trade Matrices

Fresh Strawberry PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Strawberries, Fresh					
	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		10/2002		10/2003		10/2004
Area Planted	7300	7230	7230	7100	0	7000
Area Harvested	7300	7230	7230	7100	0	7000
TOTAL Production	209000	202900	208000	205000	0	204000
Imports, Fresh	4497	4386	4600	4072	0	4000
TOTAL SUPPLY	213497	207286	212600	209072	0	208000
Exports, Fresh	0	0	0	0	0	0
Domestic Fresh Market	209397	202886	208600	205072	0	204200
For Processing	4100	4400	4000	4000	0	3800
TOTAL UTILIZATION	213497	207286	212600	209072	0	208000

Frozen Strawberry PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Strawberries, Frozen					
	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		10/2002		10/2003		10/2004
Deliv. To Processors	4100	4400	4000	4000	0	3800
Beginning Stocks	0	0	0	0	0	0
Production	1030	1100	1000	1000	0	950
Imports	27711	27187	28000	28643	0	28500
TOTAL SUPPLY	28741	28287	29000	29643	0	29450
Exports	0	0	0	0	0	0
Domestic Consumption	28741	28287	29000	29643	0	29450
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	28741	28287	29000	29643	0	29450

Fresh Strawberry Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Strawberries, Fresh		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2002		2003
U.S.	4056	U.S.	3900
Others		Others	
South Korea	223	South Korea	155
New Zealand	80	Australia	12
Australia	27	New Zealand	5
Total for Others	330		172
Others not Listed	0		0
Grand Total	4386		4072

Frozen Strawberry Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Strawberries, Frozen		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2002		2003
U.S.	8298	U.S.	7697
Others		Others	
China	14188	China	16581
South Korea	1665	South Korea	1328
Chile	1039	Chile	1175
Mexico	708	Mexico	746
Thailand	585	Thailand	445
Poland	247	Poland	390
Egypt	201	Netherlands	104
Netherlands	136	Egypt	49
Total for Others	18769		20818
Others not Listed	120		128
Grand Total	27187		28643

Fresh Strawberry Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Strawberries, Fresh		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan	1129	1133	0%
Feb	1079	1192	10%
Mar	979	906	-7%
Apr	730	632	-13%
May	699	744	6%
Jun	881	783	-11%
Jul	1488	1597	7%
Aug	2309		-100%
Sep	2431		-100%
Oct	2429		-100%
Nov	1648		-100%
Dec	1579		-100%
Exchange Rate	110.05	Local Currency/US \$	
Date of Quote	10/1/2004	MM/DD/YYYY	Y