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## Japan

### Stone Fruit

### Annual

### 2008

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**Report Highlights:**

Unlike other crops in Japan, the production area for cherries has been expanding. Farmers converted their land to cherries expecting better returns for their investments. Unfortunately, cold weather hit the region in the spring of 2007, and resulted in a 20 percent reduction in nation's outputs. Farmers expect that this season's crop will be average since no major weather problems have been reported. Japan imported 9,288 metric tons of U.S. cherries in 2007, valued at \$65 million on a CIF basis. Good quality fruit is an essential marketing factor in Japan, but lately Japanese traders and wholesalers have become more cost conscious, since major Japanese supermarkets aim to sell U.S. cherries at 98 yen (90 cents) per 100 grams. There were no shipments of U.S. nectarines to Japan in 2007 and none are expected in 2008.

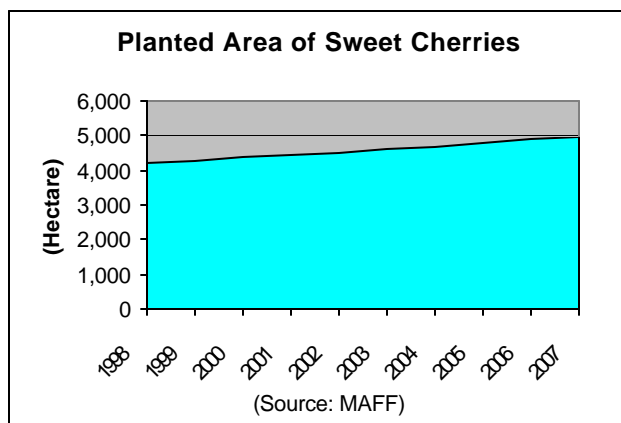
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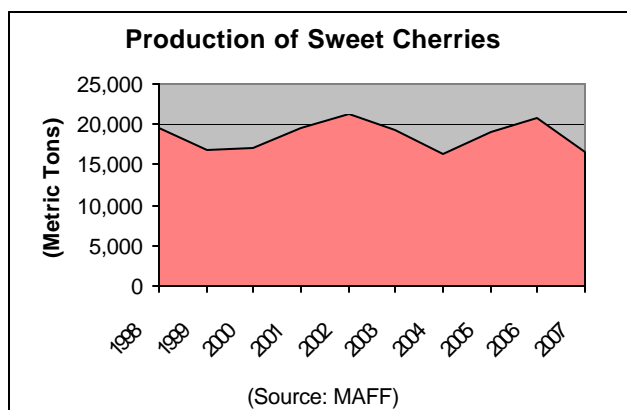
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## 2007 Japan's Production Area for Sweet Cherries Increased Marginally



Although Japanese production of many fruit items has been declining, planted area for sweet cherry trees has increased approximately 1 percent to 4,960 hectares in 2007. Some farmers converted their land from other crops to cherries expecting better returns on their investments. The cherry crop has significantly been affected by weather conditions from the blossoming season through harvest time. Japan produced 16,600 metric tons of sweet cherries in 2007, down approximately 20 percent from the previous season due to cold temperatures in late April through

early May while pollination took place. Rain during the harvest season is also critical for the cherry crop and approximately 40 percent of Japanese cherries are grown under protected rain shelter in order to avoid splitting.



Yamagata prefecture, approximately 250 miles north of Tokyo, is the most popular region for growing cherries, accounting for approximately 67 percent of the nation's total output. Aomori (approximately 500 miles north of Tokyo) and Yamanashi (approximately 100 miles west of Tokyo) are also important regions for cherry production.

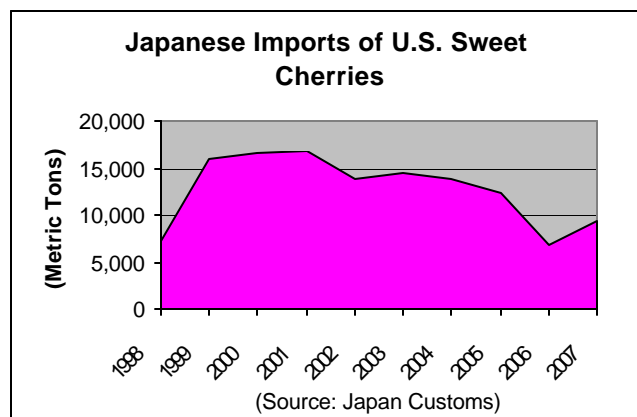
The most popular cherry cultivar grown in Japan is *Satonishiki*, which is similar to the U.S. grown Rainer cherry, and it accounts for over 75 percent of the nation's output.

*Takasago* (the English name is Rockport Bigarreau) is also an important cultivar, which has reddish yellow skin color and relatively small sized fruit. The Napoleon, which is a minor cultivar in Japan, has bright red skin color and fairly large sized fruit. Japan does not produce deep red color cherries, which are popular cultivars grown in the United States.

Although it is still too early to forecast this season's crop size, Tokyo traders expect the crop will be somewhere between 19,000 and 20,000 metric tons, provided there is good fruit setting and no rain damage or other major weather problems. Fruit setting is expected to take place in early May and peak harvesting in mid June.

There is no commercial production of tart cherries in Japan.

## Good Crop in U.S. Helped Japan's Sweet Cherry Market Situation in 2007



Japanese imports of U.S. sweet cherries recovered in 2007 from the level of the previous season when Japanese imports were most depressed in recent years due to short supplies in the United States. Japan imported 9,288 metric tons of sweet cherries from the United States in the 2007 marketing season (from April through August), valued at approximately \$65 million on a CIF basis. According to the Japan Fresh Produce Import and Safety Association, Japan imported 698,776 cartons from California from April 23 through June 17 and 357,639 cartons

from Washington and Oregon from June 7 through August 8. The figure is calculated on an 18-pound carton basis and only represents imports of member companies of the association.

In May, early-crop cultivars such as Broox, Tulare and Garnet cherries from California were trading at \$110.85 (12,000 yen) for an 18-pound (8.2 kilogram) carton of size 10.0 Row (26.6 millimeter in diameter) and \$101.61 (11,000 yen) for size 11.0 Row (24.2 millimeter in diameter) at Tokyo Ohta Wholesale Market. In early June, California Bing cherries were having the peak sales season and were trading at \$83.14 - \$87.75 (9,000 - 9,500 yen) for a carton of size 11.0 Row and \$73.90 - \$83.14 (8,000 - 9,000 yen) for size 11.5 Row (22.6 millimeter in diameter). Tokyo supermarkets sold U.S. cherries at \$0.92 - \$1.38 (100 - 150 yen) per 100 grams at the peak marketing season.

In late June, Pacific Northwest (Washington and Oregon) cherries were entering into the peak sales season and were trading at similar prices with California cherries. Domestic cherries were heavily sold when Pacific Northwest sales took place in late June through July.

In recent years, other Asian countries such as China, Taiwan and Korea have had increased purchasing power for U.S. cherries and Japanese traders commented that it became more difficult for Japanese to buy premium quality fruit at an affordable price. Japanese prefer to buy products at lower prices, since Japanese supermarkets aim to sell U.S. cherries at \$0.90 (98 yen) per 100 grams, according to Tokyo traders. Japanese traders expect 1.1 - 1.3 million cartons (9,020 - 10,660 metric tons) of U.S. cherry sales in 2008 provided that sufficient supplies are available in the United States.

### Quality Concerns with Fumigation Treatment on U.S. Cherries

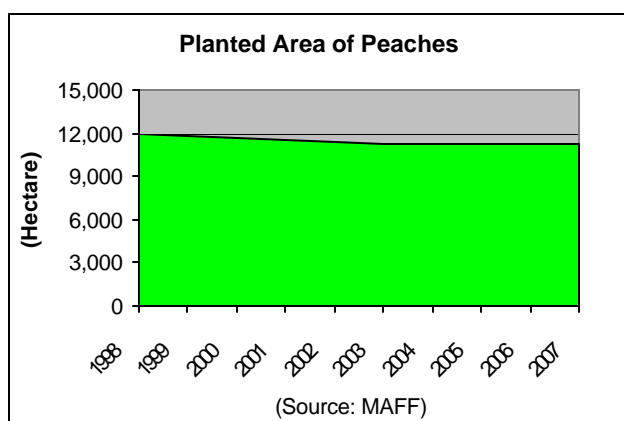
All U.S. fresh cherries are subject to methyl bromide fumigation before entering into the Japanese market due to codling moth concerns. Methyl bromide fumigation treatment significantly damages the quality of cherries; hence, product shelf-life, as well as commercial value, will be significantly reduced. Japanese traders comment that they could have increased sales of U.S. cherries if they were not fumigated. An alternate treatment called "systems approach" has been discussed for many years at US/Japan plant quarantine talks, but a final agreement has not yet been reached. This approach uses integrated pest control management in lieu of methyl bromide fumigation.

Currently, Japan allows the United States to ship the following 12 varieties of fresh cherries to Japan with methyl bromide fumigation: Early Garnet, Garnet, Sweetheart, Chelen, Tulare, Van, Bing, Broox, Lapin, Lambert, Ranier and Royal Ranier.

### New Zealand Develops a Good Reputation for High Quality Cherries in Japan

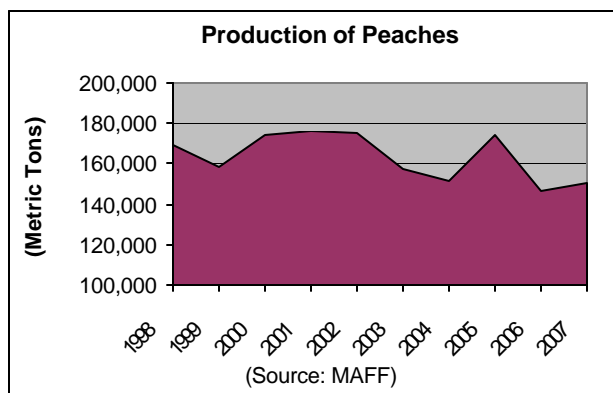
Sales of New Zealand cherries are still limited in Japan and it sold approximately 22 metric tons in 2007, valued at \$261,000 on a CIF basis. New Zealand was granted a cherry export protocol with no fumigation requirement; therefore, fruit quality was significantly better when it arrived in Japan compared with cherries that have been treated with methyl bromide, according to Tokyo traders. New Zealand fruit was imported in December and January and it did not directly compete with U.S. products. New Zealand cherries that were imported into Japan were all extra large sized fruit and packaged in 5 or 2 kilogram cartons. Bing, Stella, Lapin and Raneir are key varieties sold in Japan. New Zealand cherries were trading at premium prices of \$83.14 (9,000 yen) for a 5-kilogram carton and \$50.80 (5,500 yen) for a 2-kilogram carton at Tokyo Ohta Wholesale Market in January 2008.

### Japanese Planted Area of Peach Trees Continues to Decline



The 2007 Japanese planted area of peach trees maintained the same level as the previous season of 11,200 hectares, but it has been slowly declining over a decade due to the lack of labor force and an aging farm population. The area harvested was 10,200 hectares in 2007, down approximately 100 hectares from the previous season. Harvesting area increased marginally in Fukushima prefecture, 150 miles north of Tokyo, where young trees have entered into the production stage, but it declined in all other areas due to production being abandoned

in some areas. Peach production is significantly affected by weather conditions and the outputs vary each year. The 2007 production was 150,200 metric tons, up approximately 3 percent from the previous season. There were no major weather problems reported in 2007. Yamanashi prefecture, just west of Mt. Fuji, is a key region for peach production and produces approximately 36 percent of the nation’s output, followed by Fukushima and Nagano prefectures.



Japan largely produces the table consumption type of peach. The most popular cultivars grown in Japan have white flesh with the cling-stone type of peaches, *Hakuho*, *Akatsuki* and *Kawanakajima Hakuto*. Fruit size is relatively large. An average weight of the *Hakuho* peach, as well as *Akatsuki*, is approximately 250 grams, and *Kawanakajima Hakuto* has approximately 320 grams. Handling peaches require extra care especially when they are ripe. As are result, fruit is wrapped individually in order to avoid bruising and

packaged in a single-layer box. Japanese production of nectarine is very small with

approximately 200 hectares of planting area. A popular cultivar is *Shuho*, which has cling-stone type yellow flesh. An average fruit weight is approximately 260 grams. Other cultivars such as *Flavortop* and *Fantasia* are also planted.

Currently, the government of Japan does not allow the importation of U.S. fresh peaches due to phytosanitary concerns.

### No Shipments of U.S. Nectarines to Japan in 2007

U.S. nectarines were marketed in Japan from 2000 through 2005 with sales volume between 9 - 51 metric tons annually, and there were no shipments to Japan in the last 2 seasons. According to Japanese traders, it is not economical to ship only small volumes, particularly with fumigation requirements. All U.S. nectarines are subject to methyl bromide fumigation before entering to Japan due to codling moth concerns. Currently, Japan allows the United States to ship the following 10 varieties with methyl bromide fumigation: Summer Grand, Spring Red, Firebrite, Fantasia, May Grand, Mayglo, May Diamond, Mayfire, Red Diamond and Royal Giant.

According to Industry sources, it is expected there will be no shipments of U.S. nectarines to Japan in 2008.

### 2008 Import Duties

Import duties are not subject to further reductions outside of the next round of WTO negotiations. The applicable import duties on fresh cherry and nectarine are as follows:

Tariff Code (HS)	Description	Duty Rate
0809.20-000	Fresh Cherry	8.5 %
0809.30-000	Fresh Nectarine	6.0 %

All duties are charged on a CIF basis.

### MRLs for Cherries, Peaches and Nectarines

On May 29, 2006 Japan implemented new regulations on maximum residue limits (MRLs) for agricultural chemicals. The MRLs for agricultural chemicals applied to cherries, peaches and nectarines may be found in the following web site:

<http://www.m5.ws001.squarestart.ne.jp/foundation/search.html> (English)

## PS&amp;D Table and Trade Matrices

## Fresh Cherry PS&amp;D Table

<b>PSD Table</b>									
<b>Country</b>	<b>Japan</b>								
<b>Commodity</b>	<b>Fresh Cherries,( Sweet&amp; Sour)</b>						(HA)(1000 TREES)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009
Area Planted	5000	5020	4960	0	5130	5010	0	0	5060
Area Harvested	4480	4590	4490	0	4690	4540	0	0	4590
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	17800	19400	14900	0	20400	17300	0	0	17600
Non-Comm. Production	2200	2400	1700	0	2400	2100	0	0	2100
Production	20000	21800	16600	0	22800	19400	0	0	19700
Imports	14000	11000	9367	0	12000	10000	0	0	10000
Total Supply	34000	32800	25967	0	34800	29400	0	0	29700
Fresh Dom. Consumption	31200	29580	23497	0	31420	26530	0	0	26780
Exports, Fresh	0	0	0	0	0	0	0	0	0
For Processing	2800	3220	2470	0	3380	2870	0	0	2920
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	34000	32800	25967	0	34800	29400	0	0	29700

Fresh Cherry Import Trade Matrix

<b>Import Trade Matrix</b>			
<b>Country</b>	Japan		
<b>Commodity</b>	Fresh Cherries, (Sweet&Sour)		
Time Period	Jan. - Dec.	Units:	Metric Tons
Imports for:	2006		2007
U.S.	6846	U.S.	9288
Others		Others	
Chile	76	Chile	44
New Zealand	14	New Zealand	22
Australia	11	Australia	13
Total for Others	101		79
Others not Listed	0		0
Grand Total	6947		9367



## Fresh Cherry Wholesale Price Table

<b>Prices Table</b>			
<b>Country</b>	Japan		
<b>Commodity</b>	Fresh Cherries,(Sweet& Sour)		
Prices in	Yen	per uom	KG
Year	2006	2007	% Change
Jan			
Feb			
Mar			
Apr	9002	8424	-6%
May	5505	4861	-12%
Jun	1627	2022	24%
Jul	1125	1556	38%
Aug	1391	1171	-16%
Sep			
Oct			
Nov			
Dec			
Exchange Rate	108.25	Local Currency/US \$	
Date of Quote	2/14/2008	MM/DD/YYYY	

## Fresh Peach &amp; Nectarine PS&amp;D Table

<b>PSD Table</b>									
<b>Country</b>	<b>Japan</b>								
<b>Commodity</b>	<b>Fresh Peaches &amp; Nectarines</b>						(HA)(1000 TREES)(MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009
Area Planted	11200	11200	11200	0	11200	11200	0	0	11100
Area Harvested	10200	10200	10200	0	10200	10200	0	0	10100
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	157000	147000	137400	0	147000	141300	0	0	139900
Non-Comm. Production	13000	13000	12800	0	13000	12700	0	0	12600
Production	170000	160000	150200	0	160000	154000	0	0	152500
Imports	100	0	0	0	0	0	0	0	0
Total Supply	170100	160000	150200	0	160000	154000	0	0	152500
Fresh Dom. Consumption	149000	140600	132012	0	140500	135300	0	0	133950
Exports, Fresh	900	500	488	0	600	500	0	0	550
For Processing	20200	18900	17700	0	18900	18200	0	0	18000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	170100	160000	150200	0	160000	154000	0	0	152500

Fresh Peach & Nectarine Export Trade Matrix

<b>Export Trade Matrix</b>			
<b>Country</b>	Japan		
<b>Commodity</b>	Fresh Peaches & Nectarines		
Time Period	Jan.- Dec.	Units:	Metric Tons
Exports for:	2006		2007
U.S.	0	U.S.	0
Others		Others	
Taiwan	367	Taiwan	394
Hong Kong	55	Hong Kong	90
Singapore	2	Singapore	2
		Oman	1
Total for Others	424		487
Others not Listed	1		1
Grand Total	425		488

## Fresh Peach &amp; Nectarine Wholesale Price Table

<b>Prices Table</b>			
<b>Country</b>	Japan		
<b>Commodity</b>	Fresh Peaches & Nectarines		
Prices in	Yen	per uom	KG
Year	2006	2007	% Change
Jan			
Feb			
Mar			
Apr	3005	2713	-10%
May	1473	1553	5%
Jun	716	607	-15%
Jul	482	424	-12%
Aug	450	440	-2%
Sep	422	436	3%
Oct	425	499	17%
Nov			
Dec			
Exchange Rate	108.25	Local Currency/US \$	
Date of Quote	2/14/2008	MM/DD/YYYY	