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Japan

Citrus Annual

Slight rebounds in Japanese citrus consumption may lead to new opportunities for U.S. Citrus

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Report Highlights:
In MY2010/11, U.S. mandarin exports to Japan soared. Turkey and Mexico join the ranks of grapefruit suppliers to the Japanese market. Japanese consumption of oranges shows signs of recovery encouraging greater imports. Japanese lemon imports rebound and Japanese imports of orange juice rise. MHLW approves the use of fludioxonil as a post-harvest fungicide.

Commodities:
Citrus, Other, Fresh

Tangerines/Mandarins

PS&D table:

Tangerines/Mandarins, Fresh Japan	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	55,090	55,390	53,560	54,120		53,000
Area Harvested	52,170	52,470	50,640	51,300		50,180
Bearing Trees	31,300	31,480	30,380	30,780		30,110
Non-Bearing Trees	5,260	5,260	5,260	5,080		5,080
Total No. Of Trees	36,560	36,740	35,640	35,860		35,190
Production	1,088	1,116	968	882		1,017
Imports	11	11	22	21		19
Total Supply	1,099	1,127	990	903		1,036
Exports	3	3	2	2		2
Fresh Dom. Consumption	970	994	893	813		913
For Processing	126	130	95	88		121
Total Distribution	1,099	1,127	990	903		1,036

* Area measured in hectares

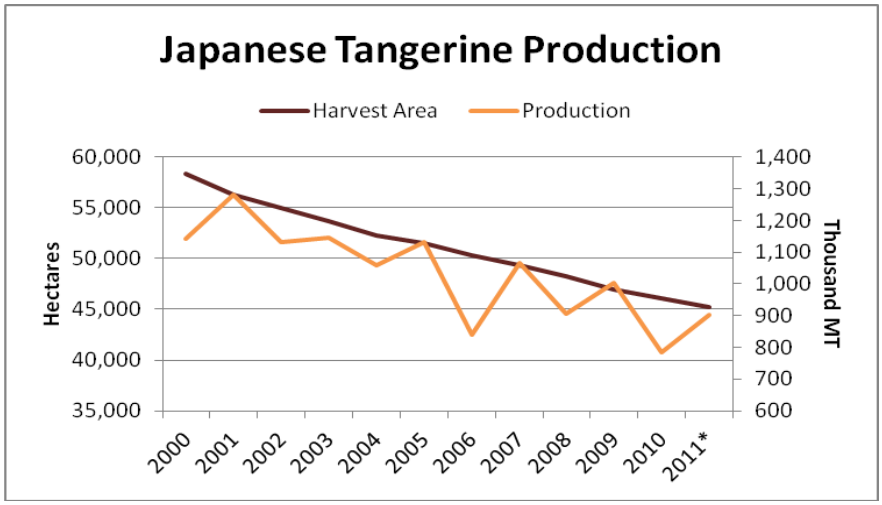
Production, Imports, Exports, and Consumption measured in thousands of metric tons

Production

Post estimates Japanese production of fresh tangerines/mandarins in MY 2011/12 to be 1,017,000 metric tons, a 15 percent increase compared to last season. This estimate includes the "unshu mikan" tangerines and the late tangerine varieties "iyokan" and "hassaku." As part of tree's natural production cycle, Japanese tangerine output alternates between high and low every season. Correspondingly, this season Japanese tangerine trees are experiencing what is typically referred to as an "on-year," and likely to yield a higher crop than the last year. According to the Japan Fruit Growers Cooperative Association, the MY 2011/12 Japanese production of "unshu mikan" tangerines, the main tangerine variety produced in Japan, is estimated at approximately 904,000 metric tons, also a 15 percent increase from last season.

In May 2011, the Ministry of Agriculture, Forestry and Fisheries (MAFF) announced the production estimate for the MY 2011/12 Japanese "unshu mikan" tangerines. Taking into account that this is an "on-year" in the tangerine tree's cycle, MAFF estimates domestic tangerine production to be 980,000 metric tons, a 25 percent increase compared to last season. However, due to the lack of sunshine during the rainy season (in June and July), a lot of fruit fell naturally from the tangerine groves. As a result, the Japanese growers' association adjusted the MY2011/12 production forecast to be 15 percent higher than the previous season.

In September 2011, a typhoon hit the island of Japan and brought heavy rains, but tangerine growers reported no major damages despite several days of rainfalls. Industry contacts indicate that there are many large sized and high quality fruit in this season's crop. That said, some areas reported seeing minor scratches and surface damage on the tangerines.



Source: MAFF Statistics.
**Post estimate.*

Japan's harvesting acreage for "unshu mikan" tangerines continues to decline. "Unshu mikan" tangerines are often harvested in the south side of steep hills, which provide ideal growing conditions for citrus products. Nonetheless, it is extremely hard for the farmers to harvest in such locations. With Japan's aging farm population, growers are abandoning inefficient production orchards located in such steep hills. Seeking a higher return on their investments, growers are also substituting "unshu mikan" trees with different citrus tree varieties. These trends continue to contribute significantly to the reduction in total acreage. Thus, harvesting acreage for "unshu mikan" tangerines are expected to be 45,200 hectares in the MY 2011/12, down from 46,100 hectares in MY 2010/11.

Consumption

The "unshu mikan" tangerines are one of Japan's favorite fresh fruit, representing approximately 15 percent of fresh fruit consumption (in 2010). According to the Ministry of Internal Affairs and Communications (MIC), in 2010, the annual consumption of fresh tangerines was 12.7 kilograms per household, compared to 13.8 kilograms in 2009, with total expenditures of $54.84 (4,516 yen)*. This is the average consumption per (two-or-more people) household. Japanese household consumption of fresh fruit has been declining annually for more than two decades. The total per household consumption of all fresh fruit items declined to 85 kilograms in 2010 from 135 kilograms in 1985. In the case of "unshu mikan" tangerines, the 2010 Japanese household consumption was only one third of the amount consumed in 1985. Younger consumers reportedly tend to eat significantly fewer tangerines than their elders because they prefer the ease of eating fruit that does not require peeling. Traders fear that future

generations may grow up unaccustomed to peeling fruit and that this trend could further discourage consumption of tangerines. The Japanese industry has been trying to encourage young generations to consume more tangerines by introducing ready-to-eat tangerine products (such as cut fruit and jelly fruit cups).

**The exchange rate of 82.34 per dollar is based on the Nikkei News quote of November 12, 2010.*

Trade (Imports)

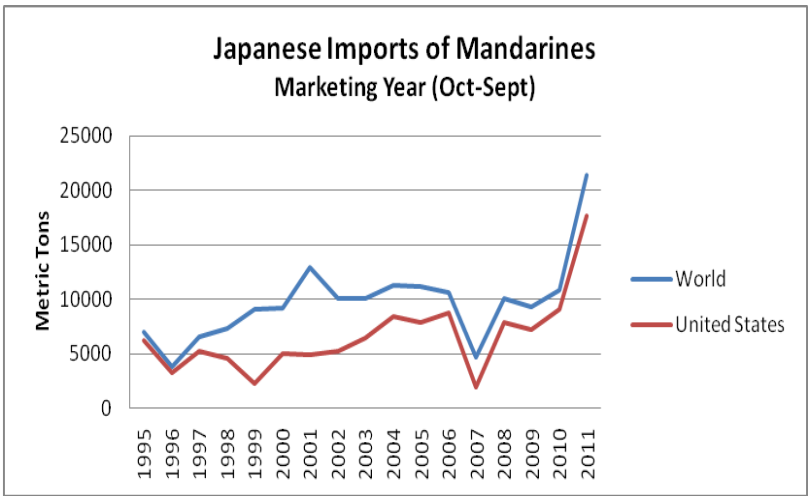
Japan: Imports of fresh mandarins

Marketing year: October-September / Quantity in metric tons

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
World	**4,670**	**10,109**	**9,265**	**10,797**	**21,406**
United States	1,978	7,861	7,160	9,128	17,650
Market share:	*42%*	*78%*	*77%*	*85%*	*82%*
Australia	1,186	1,307	1,374	962	2,276
New Zealand	457	380	494	328	866
Chile	896	156	151	282	513
Taiwan	91	82	81	97	102
All other	62	323	5	0	0

Source: Global Trade Atlas

In MY 2010/11, Japanese tangerines/mandarin imports from the world doubled from last year and totaled 21,406 metric tons. According to industry sources, the key reason for the increase was a shortage in Japanese "mikan" production and the high quality of mandarin products from the United States and Australia. In MY 2010/11, Japanese imports of U.S. tangerines hit a record high at 17,650 metric tons, a staggering 93 percent jump from last season and valued at $25 million. In fact, this is the highest level of imports of U.S. tangerines since 1995. The United States is by far the largest supplier of tangerines to Japan, shipping mainly Minneola tangelos. Traders report that among Japanese consumers, U.S. Minneola tangelos have a good reputation of having high quality fruit and hence they expect U.S. Minneola to remain a key citrus product in the Japanese market.



Source: Global Trade Atlas.

In 2010/11, Australia supplied 2,276 metric tons of Murcott mandarins to Japan, more than double the level from last year. Similar to U.S. Minneola tangelos, Australian Murcott mandarins are known for their high quality and are well accepted by Japanese consumers. According to traders, Australian citrus growers are actively holding trade seminars and meetings with Japanese traders to promote sales of Australian Murcott mandarins and other citrus products. Imports from other important supplies such as New Zealand and Chile also increased significantly in 2010/11. New Zealand supplies rose to 866 metric tons, the highest level since 2004. Similarly, imports of Chilean mandarins also recovered from last season to 513 metric tons.

For MY 2011/12, post estimates Japanese world imports of fresh tangerines/mandarins to be approximately 19,000 metric tons, about a 12 percent decline from last year. As this is an "on-year" for "unshu mikan" production, industry sources expect domestic supplies to recover from last season, and thus Japanese imports of fresh tangerines/mandarins are expected to normalize from the record high levels during the past year.

Trade (Exports)

Japan: Exports of fresh mandarins

Marketing year: October-September / Quantity in metric tons

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
World	**2,684**	**4,659**	**3,331**	**2,770**	**2,147**
United States	156	218	109	103	56
Market share:	*6%*	*5%*	*3%*	*4%*	*3%*
Canada	2,268	4,011	2,924	2,065	1,648
Hong Kong	91	163	130	252	200
Taiwan	107	187	90	170	137
Singapore	35	43	33	97	48
All other	27	37	45	83	58

Source: Global Trade Atlas

Japanese exports of tangerines are fairly small. In MY 2010/11, Japan exported 2,147 metric tons of "unshu mikan" tangerines to the world, valued at $4.2 million (FOB). The majority of Japanese exports, 1,648 metric tons were shipped to Canada. Only about 400 metric tons went to neighboring Asian countries. Japan shipped a very small amount of tangerines to the United States, approximately 56 metric tons. In MY 2011/12, Japanese traders expect to export an even smaller amount to the United States. Traders indicate that currently only one JA (tangerine growers' association) participates in the "unshu mikan" export program to the United States.

Prices:

Japan: Fresh "Unshu mikan" Prices - Wholesale, Retail

Wholesale Prices *	*(Yen/KG)*	**Retail Prices ****	*(Yen/KG)*
2010		2010	
October	¥194	October	¥553
November	¥219	November	¥477
December	¥242	December	¥487
2011		2011	
January	¥284	January	¥560
February	¥310	February	¥640
March	¥303	March	¥702
April	….	April	….
May	….	May	….
June	….	June	….
July	….	July	….
August	….	August	….
September	¥327	September	¥764

Source: MAFF *Source: MIC*

** Wholesale prices are average wholesale prices at the major wholesale markets.*

*** Retail prices are average retail prices in the Metro Tokyo area. Retail prices were higher this year due to "off-year" shortage.*

Policy:

The Japan/Mexico Economic Partnership Agreement (EPA):

The Japan/Mexico EPA has been in effect since April 1, 2005. Under Japan/Mexico EPA negotiations, tariff on Mexican tangerines and mandarins were excluded from reductions. Hence, imports of Mexican tangerines and mandarins face Japan's MFN tariff of 17 percent.

Import Duties:

Japan: Import Duties 2011

Tariff Code (HS)	Description	Duty Rate (%)*
0805.20-000	Fresh Mandarins (including tangerines), Clementine, Wilkings and similar citrus hybrid	17%

Source: Customs Tariff Schedules of Japan 2011

** all duties are charged on a CIF basis*

Grapefruit

PS&D table:

Grapefruit, Fresh Japan	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	0	0	0	0		0
Imports	168	168	170	167		163
Total Supply	168	168	170	167		163
Exports	0	0	0	0		0
Fresh Dom. Consumption	168	168	170	167		163
For Processing	0	0	0	0		0
Total Distribution	168	168	170	167		163

Production, Imports, Exports, and Consumption measured in thousands of metric tons

Production

Japan does not produce grapefruit.

Consumption

According to the Ministry of Internal Affairs and Communications (MIC), in 2010 Japanese annual consumption of grapefruit was similar to last season at approximately 2.53 kilograms per household with the total expenditures of $8.01(660 yen)*. This is the average consumption for two-or-more-people households. In 2010, per-household consumption of grapefruit was down about 5 percent from last season (about 2.66 kilograms per household). The average grapefruit price was 260.6 yen per kilogram, roughly 4 percent higher than last season (251.3 yen per kilogram), but still cheaper than in 2008 (272.8 yen per kilogram). The total expenditure on grapefruit was similar to last season at $8.11 (668 yen)*.

**The exchange rate of 82.34 per dollar is based on the Nikkei News quote of November 12, 2010.*

Trade (Imports)

Japan: Imports of fresh grapefruit

Marketing year: October-September / Quantity in metric tons

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
World	**220,691**	**188,015**	**180,248**	**167,783**	**167,081**
United States	144,271	128,039	115,500	117,140	108,199
Market share:	*65%*	*68%*	*64%*	*70%*	*65%*
South Africa	64,080	49,842	57,778	44,612	53,793
Israel	6,730	5,392	3,727	3,824	3,492
Swaziland	4,280	4,501	3,240	2,206	888
Turkey	0	0	0	0	465
Mexico	0	0	0	0	93
Australia	0	0	3	0	90
All other	1,330	241	0	1	61

Source: Global Trade Atlas

Japanese total grapefruit imports continue on a downward trend since MY 2004/05 when total imports peaked at 304,445 metric tons. While the current strong yen is advantageous for importers, importer benefits are offset by the increasing grapefruit CIF prices. The average CIF price of grapefruit has been slowly increasing since MY 2006/07, at approximately 3.5 percent annually. Some of those costs are also being transferred to consumers in the form of higher retail prices and pushing more budget-conscious consumers away from purchasing grapefruit. Hence, for MY 2011/12 post anticipates Japanese world imports of grapefruit will continue to marginally decline to 163,000 metric tons.

The United States is the largest supplier of fresh grapefruit to Japan, supplying approximately 65 percent of the total Japanese imports. In MY 2010/11, the United States supplied 108,199 metric tons of grapefruit, down approximately 8 percent from last year and valued at $125 million on a CIF basis. About 92 percent of U.S. grapefruit shipped to Japan come from Florida followed by California and Texas. According to the Florida Department of Citrus, the new MY 2011/12 crop is predicted to increase slightly from last year. In addition, the new fruit is said to have lower sugar content, as well as, lower acid content compared to last year. The new grapefruit crop arrived from Florida in October and is expected to continue until next May. Peak sales are likely to take place from February through May, when Florida grapefruit flavor matures. Given the crop's lower sugar and acid contents, Tokyo traders report that this season's Florida grapefruit sales in Japan may begin and end a little earlier than last season. Thus, post expects that in MY 2011/12, Japanese imports of Florida grapefruit will be slightly less or similar to last year at around 5.4 million cartons, or 92,000 metric tons.

South Africa is the other major supplier to Japan, sharing approximately 33 percent of the total imports (including imports from Swaziland). In MY 2010/11, Japanese imports of South African grapefruit recovered to 2008/09 levels, and increase by 21 percent. South African supplies were 54,681 metric tons (South Africa and Swaziland combined) and valued at $46 million on a CIF basis. South African grapefruit is sold during the summer season and therefore does not compete directly with Florida grapefruit in the Japanese market. South Africa's new crop arrives in Japan beginning in June, and is

actively sold until October just before the arrival of the new Florida grapefruit crop. According to Tokyo traders, in MY 2010/11 South Africa planned to ship 3 million cartons of grapefruit to Japan at the beginning of the season. However, importers were later thrown off by an additional 400,000 cartons shipped in the latter half of the season (the summer of 2011). As a result, there was a temporary oversupply of South African grapefruit in the Japanese market. Consequently, importers were forced to sell their fruit at discounted prices and incurred a loss. As traders are trying to avoid the same scenario from repeating this season, post anticipates that in MY 2011/12, Japanese imports of South African grapefruit to lower at around 3 million cartons, or approximately 47,000 metric tons.

California is also an important supplier of grapefruit to Japan. Industry sources highlight that Japanese imports of California grapefruit are significantly affected by the crop conditions of both Florida and South Africa. California usually ships "Star Ruby" grapefruit to Japan during the spring time and "Summer Ruby" grapefruit in the fall. During the fall of 2010, due to the short supply of South African grapefruit, California supplied approximately 300,000 cartons (5,100 metric tons) of "Summer Ruby" grapefruit. This was an exceptionally high quantity of Japanese imports of California "Summer Ruby". Conversely, this year's oversupply of South African grapefruits during the summer months significantly reduced California shipments of "Summer Ruby" grapefruit to Japan.

Texas supplies the "Rio Star" (red/ruby) grapefruit variety to the Japanese market from October through February. According to a Tokyo trader, in MY 2011/12 the Texas "Rio Star" grapefruit is expected to arrive in December, about one month later than the average year due to the delay in fruit maturity. Unlike last season, Japanese traders do not anticipate large quantities of "Rio Star" imports this season.

Israeli supplies a green-colored grapefruit variety called "sweetie" to the Japanese market, similar to California's "Oro Blanco" variety. According to industry sources, in MY 2010/11 only one company imported approximately 250,000 cartons of "sweetie" to Japan via chartered vessel. The novelty of the "sweetie" grapefruit has faded among Japanese consumers and only one company continues to import. Hence, post expects these trends to continue in MY2011/12 and anticipates very little changes in imports of Israeli grapefruits.

In February 2011, Turkey shipped fresh grapefruit to Japan for the very first time following Japan's removal of an import ban on Turkish grapefruit in August 2010. In MY 2010/11, Japan imported 465 metric tons of Turkish grapefruit, valued at $0.5 million on a CIF basis. Traders reportedly imported Turkish grapefruit on a sample basis as this is a new product in the Japanese market. Traders also remarked that the quality of Turkish grapefruit is not as good as Florida grapefruit and it may take a few more years of trials to see whether Turkish grapefruit suits Japanese consumer's taste. Hence, in the near future post does not anticipate any major increases in Japanese imports of Turkish grapefruit.

In MY 2010/11, Australia also supplied 90 metric tons of fresh grapefruit to Japan after the Japanese government granted complete market access to Australian grapefruit in June 2010. Previously, Australia was only allowed to ship grapefruit sourced from fruit fly pest free areas. Traders indicate that Australian grapefruit has a rougher skin compared to U.S. grapefruit; therefore, the quality of Australian grapefruit may not suit Japanese consumers' preference. Trade statistics suggest that Australia is not a major supplier of grapefruit when compared to other more active players in the Japanese market. Thus, post does not expect shipments of Australian grapefruit to have any immediate impact on the U.S. market share.

Additionally in MY 2010/11, taking advantage of the phased out duties under the Japan-Mexico Economic Partnership (see policy section), Mexico shipped grapefruit to Japan for the first time, supplying a total of 93 metric tons of fresh grapefruit. According to industry sources, this year Japan imported Mexican grapefruit on a sample basis and it may take a several more years of trials to see if it suits Japanese consumer's preference. Traders highlight that the quality (taste) of Mexican grapefruit is relatively good, but the color of Mexican grapefruit is rather green and the fruit often requires coloring before hitting the retail stores. The coloring process simply adds to the cost of the product and also reduces the product's shelf life. Hence, despite the preferential tariff, at this time post does not anticipate shipments of Mexican grapefruit to have any immediate impacts on the U.S. share of the Japanese market.

Prices:

Japan: Fresh Grapefruit Prices - Import, Wholesale, Retail

Import CIF Prices *	*(US $/KG)*	**Wholesale Prices ****	*(Yen/KG)*	**Retail Prices *****	*(Yen/KG)*
2010		2010		2010	
October	$1.06	October	¥147	October	¥306
November	$1.34	November	¥171	November	¥326
December	$1.28	December	¥162	December	¥307
2011		2011		2011	
January	$1.20	January	¥155	January	¥313
February	$1.20	February	¥151	February	¥317
March	$1.10	March	¥151	March	¥301
April	$1.10	April	¥151	April	¥296
May	$1.12	May	¥148	May	¥280
June	$0.83	June	¥140	June	¥266
July	$0.88	July	¥143	July	¥275
August	$0.86	August	¥138	August	¥270
September	$0.97	September	¥120	September	¥284
Source: GTA		*Source: MAFF*		*Source: MIC*	

** Import prices are average import CIF prices.*

*** Wholesale prices are average wholesale prices at the major wholesale markets.*

**** Retail prices are average retail prices in the Metro Tokyo area.*

Policy:

The Japan/Mexico Economic Partnership Agreement (EPA)

The Japan/Mexico EPA has been in effect since April 1, 2005. Under this agreement, various Mexican agricultural products, including fresh grapefruit, entering Japan at a reduced tariff rate. Under this agreement, Japan agreed to phase-out Japanese import duties on Mexican grapefruit in six years from the day of implementation. On April 1, 2011 Japanese duties on Mexican grapefruit were fully eliminated. The Japan/Mexico EPA agreement can be found (in Japanese only) in the following MAFF website: http://www.maff.go.jp/j/kokusai/renkei/fta_kanren/f_mexico/index.html

Policy Issues affecting Citrus Exports:

Japanese Approval of Post Harvest Fungicides: On August 31 2001, the Ministry of Health, Labor and Welfare (MHLW) approved the use of fludioxonil as a post harvest fungicide. With this announcement, U.S. citrus growers can apply this important fungicide treatment to agricultural crops before or after harvest to protect citrus products from deterioration during storage and transport. Regarding grapefruit, the Japanese Maximum residue Limits (MRL) for fludioxonil, for both pre and post harvest application is set at 10 parts per million (ppm.)

Maximum Residue Limit (MRL) Issues: During this reporting period there were no MRL issues affecting U.S grapefruit shipments to Japan.

Import Duties:

Japan: Import Duties 2011		
Tariff Code (HS)	Description	Duty Rate (%)*
0805.40-000	Fresh grapefruit	10%

Source: Customs Tariff Schedules of Japan 2011
**all duties are charged on a CIF basis*

Oranges

PS&D table:

Oranges, Fresh Japan	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	480	520	400	450		380

Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	4	6	3	5		4
Imports	104	104	120	120		121
Total Supply	108	110	123	125		124
Exports	0	0	0	0		0
Fresh Dom. Consumption	108	110	123	125		125
For Processing	0	0	0	0		0
Total Distribution	108	110	123	125		124

* Area measured in hectares

Production, Imports, Exports, and Consumption measured in thousands of metric tons

Production

Japan produces a small amount of navel oranges. As a result, the latest available year of official statistics is MY2008/09. According to the Ministry of Agriculture, Forestry and Fisheries (MAFF), in MY 2008/09 the Japanese area harvested for navel oranges was 590 hectares with a total production of 7,363 metric tons. Japanese farmers are rapidly losing interest in growing navel oranges as their quality and price cannot compete with imports from the United States or Australia. As a result, domestic navel orange production has been declining rapidly each year and continues to decline. Correspondingly, for MY 2011/12, post estimates Japanese production of navel oranges to decrease to about 4,000 metric tons in a smaller area of approximately 380 hectares.

Consumption

Since 2007, when orange prices peaked and consumption dropped, Japanese consumption of oranges are now showing signs of recovery climbing back to 2005/06 levels. According to the Ministry of Internal Affairs and Communications (MIC), in 2010, Japanese annual consumption of oranges increased slightly from 2009 to 1.82 kilograms per household with the total expenditures of $7.77 (640 yen.)* This is the average consumption for two-or-more-people household. Shortages in the domestic "unshu mikan" crop in 2010 contributed to the increase in Japanese consumption of fresh oranges. Additionally, good year crops from both the United States and Australia supplied the Japanese market with higher quality and tasty oranges and further encouraged overall Japanese consumption of oranges.

Trade (Imports)

Japan: Imports of fresh oranges

Marketing year: Octozber-September / Quantity in metric tons

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
World	**89,847**	**98,700**	**95,950**	**103,611**	**119,652**
United States	44,459	74,912	66,358	77,303	81,360
Market share:	*49%*	*76%*	*69%*	*75%*	*68%*
Australia	19,163	12,618	18,314	17,771	28,822

South Africa	10,031	8,720	7,096	6,894	7,934
Chile	6,436	2,343	4,146	1,558	1,238
Italy	730	108	19	76	37
All other	9,028	0	17	9	261

Source: Global Trade Atlas

In MY 2010/11, Japanese imports of fresh oranges were 119,652 metric tons, an increase of 15 percent from last year. Since dipping in 2007, overall imports of oranges are now rebounding. According to industry sources, some of the major reasons for the increase in fresh orange imports during this season were a short crop in domestic "unshu mikan", and higher quality imports from major supplying countries such as the United States and Australia. The United States is the largest supplier of fresh oranges to Japan. Countries such as Australia, South Africa and Chile are important players in the Japanese fresh orange market. These countries supply oranges to Japan from July through November, when U.S. orange shipments are relatively low. For MY 2011/12, post estimates the level of Japanese imports of fresh oranges to remain stable at around 121,000 metric tons, similar to MY 2010/11.

In MY2010/11, U. S. supplies of fresh oranges to Japan increased for the second consecutive year to 81,360 metric tons, a 5 percent increase from last season. Japanese imports of U.S. fresh oranges were valued at approximately $93 million on a CIF basis. Industry sources expect California's MY 2011/12 navel orange production to decrease a few percentages from last season, yet production is expected to be better than average years. The new crop has many large-sized and high quality fruit and hence Tokyo traders expect good sales. The new crop is expected to arrive in Japan in early December and the trade volume will gradually increase toward the Christmas holiday season. California navel shipments will continue until April. Shipments of California Valencia oranges will likely also start during that month.

California also supplies minor orange varieties such as Cara Cara and Moro oranges to the Japanese market. Industry sources expect Japanese imports of Cara Cara to increase along with California's growing production. The Japanese trade reports that in 2010, Japanese Cara Cara imports were up 12 percent from last year to 2,966 cartons (based on a 17-kilogram carton). The Cara Cara orange variety is still an up-and-coming product in Japan. Cara Cara oranges are supplied to Japan from January through March, coinciding with the navel season. Cara Cara oranges have lower acid content than navel oranges, and therefore sweeter than navels and popular among Japanese consumers. Cara Cara oranges are packaged in a 9-kilogram box. Given the smaller number of Cara Cara oranges per box, this variety often sell for twice the price of navel oranges. However, industry sources expect the price will likely decrease in the future as imports of Cara Cara continue to increase. On the other hand, in 2010 Japanese imports of Moro oranges declined by 43 percent from last year to 2,915 cartons (based on a 17-kilogram carton). Japanese trader reports the 2010 import level is rather normal, because the 2009 import level was exceptionally higher (5,126 cartons) than in the past several years. Japanese traders also do not expect any major increases in future imports of Moro oranges as California is not expanding production their production.

This season, Japanese imports of Australian oranges recovered vastly from last year by jumping 62 percent. In MY2010/11, Australia supplied 28,822 metric tons of fresh oranges to Japan, valued at approximately $39 million on a CIF basis and the highest level on record. Australian oranges have a good reputation among Japanese traders and are often sold in high-end shops at higher prices compared to oranges from U.S. and other countries. According to industry sources, traditionally Australia ships large quantities of fresh oranges to the United States, but this was not the case in MY2010/11 as the U.S. market became oversupplied with orange supplies from Chile. As a result, in the summer of 2011, Australia increased their fresh orange shipments to Japan by temporarily reducing their CIF prices. Incidentally, traders report that Australian grower associations were actively promoting sales of Australian oranges in Japan. Hence, in August 2011, the average Japanese CIF price of Australian oranges was $1.28 per kilogram, approximately 7 percent lower than the price of August 2010 ($1.37 per kilogram). That said, even with temporary reductions in price, average CIF prices for Australian oranges remain roughly about 20 percent higher than prices of U.S. oranges. Japanese traders expect for MY 2011/12, the Japanese imports of Australian oranges to hold steady provided that there are no significant increases in the CIF price.

Supplies of South African oranges to Japan had been declining continuously for the past three years. However, in MY 2010/11, imports from South African increased by 15 percent to 7,934 metric tons. Cheaper prices may account for the increase. The average CIF price of South African oranges was approximately 12 percent cheaper compared to last year. Japan is still a small market for South African oranges; these are typically only shipped to Japan along with large quantities of grapefruit shipments. Meanwhile, in MY2010/11 Japanese imports of Chilean oranges continue their downward trend, lowering further to 1,238 metric tons. Japanese traders report that the quality and taste of Chilean oranges are not well suited for Japanese consumers.

Prices:

Japan: Fresh Orange Prices - Import, Wholesale, Retail

Import CIF Prices *		Wholesale Prices **		Retail Prices ***	
	(US $/KG)		*(Yen/KG)*		*(Yen/KG)*
2010		2010		2010	
October	$1.43	October	¥198	October	¥385
November	$1.37	November	¥193	November	¥400
December	$1.31	December	¥180	December	¥375
2011		2011		2011	
January	$1.26	January	¥182	January	¥382
February	$1.14	February	¥183	February	¥385
March	$1.13	March	¥181	March	¥384
April	$1.14	April	¥178	April	¥378
May	$1.19	May	¥178	May	¥370
June	$1.15	June	¥172	June	¥381
July	$1.17	July	¥168	July	¥371
August	$1.15	August	¥168	August	¥355
September	$1.07	September	¥160	September	¥374

Source: GTA | Source: MAFF | Source: MIC

** Import prices are average import CIF prices.*

*** Wholesale prices are average wholesale prices at the major wholesale markets.*

**** Retail prices are average retail prices in the Metro Tokyo area.*

Policy:

The Japan/Mexico Economic Partnership Agreement (EPA):

The Japan/Mexico EPA has been in effect since April 1, 2005. Under this agreement, various Mexican agricultural products, including fresh oranges, enter Japan at a reduced import duty. In the case of oranges, Japan granted Mexico a growing seasonal preferential tariff-quota. Since 2009, in-quota imports of Mexican oranges (up to 4,000 metric tons) enjoy a tariff rate of 8 percent when shipped from June 1 to November 30, and a tariff of 16 percent if shipped during December 1 - May 31. Out-of quota imports of Mexican oranges face the MFN rate. Currently, the renegotiation of tariff concessions is ongoing and hence the tariff quota granted in 2009 will continue to apply until the parties reach a new agreement. In MY 2010/11, there were no imports of fresh oranges from Mexico. Over the last decade, Japan imported an average of 618 metric tons of Mexican oranges. The majority of Mexican orange exports are traditionally shipped to nearby markets. The Japan/Mexico EPA agreement can be found (in Japanese only) in the following MAFF website:
http://www.maff.go.jp/j/kokusai/renkei/fta_kanren/f_mexico/index.html

Policy Issues affecting Citrus Exports:

Japanese Approval of Post Harvest Fungicides: On August 31 2001, the Ministry of Health, Labor and Welfare (MHLW) approved the use of fludioxonil as a post harvest fungicide. With this announcement, U.S. citrus growers can apply this important fungicide treatment to agricultural crops before or after harvest to protect citrus products from deterioration during storage and transport. Regarding oranges, the Japanese Maximum residue Limits (MRL) for fludioxonil, for both pre and post harvest application is set at 10 parts per million (ppm.)

Japanese MRL issues—Imazalil: In June 2011, conducting a regular monitoring test, MHLW found a post harvest fungicide (imazalil) MRL violation on a shipment of U.S. fresh oranges. The residue level detected of 5.4ppm exceeded the Japanese MRL of 5ppm. Imazalil is a compound registered in Japan for both pre and post harvest applications. As this was an MRL violation of a post harvest fungicide (treated as a food additive in Japan), MHLW limited enhanced surveillance to only the responsible shipper. In July 2011, in collaboration with FAS and U.S. trade associations, the U.S. exporter provided MHLW with a compliance plan, outlining the details of the incident and future corrective actions. As a result, MHLW removed the shipper from enhanced surveillance after the first shipment cleared at the start of the MY2011/12 shipping season.

As for plant quarantine issues, no major trade disruptions have been reported in U.S. orange trade to Japan.

Import Duties:

Japan: Import Duties 2011

Tariff Code (HS)	Description	Duty Rate (%)*
0805.10-000	Fresh oranges, imports during December 1 - May 31	32%
	Fresh oranges, imports during June1 - November 30	16%

Source: Customs Tariff Schedules of Japan 2011

** all duties are charged on a CIF basis*

Orange Juice

PS&D Table (Orange Juice)

Orange Juice Japan	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	0	0	0	0		0
Beginning Stocks	12,000	12,000	5,000	2,000		14,000
Production	0	0	0	0		0
Imports	64,198	64,198	67,000	87,141		75,000
Total Supply	76,198	76,198	72,000	89,141		89,000
Exports	0	0	0	0		0
Domestic Consumption	71,198	74,198	67,000	75,141		76,000
Ending Stocks	5,000	2,000	5,000	14,000		13,000
Total Distribution	76,198	76,198	72,000	89,141		89,000

** Production, Consumption, and Stocks measured in metric tons at a 65 Brix equivalent.*

Production

Japanese production of orange juice is small. Japan produces a small amount of oranges (approximately 4,000 metric tons annually) and the majority of oranges are sold fresh.

Consumption

According to the Ministry of Internal Affairs and Communications (MIC), in 2010 annual, Japanese household expenditure on fruit/vegetable juice increased marginally to $103.81 (8,548 yen)* from last year. This is the average consumption for two-or-more-people households. Within fruit juice products, orange juice, apple juice and grape juice are the most popular items among Japanese consumers. As Japan experienced a record hot summer in 2010, Japanese beverage consumption as a whole increased approximately 2 percent from last year.

According to trade sources, Japanese consumer preference has been shifting from low or non-sugar beverages to tasty and healthier beverages. As a result, consumer's demand for vegetable juice, sport drinks and flavored tea drinks has been increasing in the recent years. Japanese consumption of orange juice is expected to remain stable.

**The exchange rate of 82.34 yen per dollar is based on the Nikkei News quote on November 12, 2010.*

Trade (Imports)

Japan: Imports of orange juice

Marketing year: October-September / Quantity in metric tons (at 65 Brix)

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
World	**89,741**	**68,726**	**75,347**	**64,198**	**87,141**
United States	2,458	2,600	2,776	2,810	1,579
Market share:	*3%*	*4%*	*4%*	*4%*	*2%*
Brazil	81,070	59,377	61,290	52,412	73,716
Mexico	1,798	3,082	5,821	4,774	4,635
Belize	531	492	1,561	1,843	3,438
Israel	932	1,324	1,767	846	1,673
Italy	653	682	908	456	653
Costa Rica	47	79	41	138	432
Spain	343	212	326	357	341
Australia	794	514	272	246	246
All other	1,115	364	585	316	428

Source: Global Trade Atlas

** Imports of orange juice are the sum of imports for HS codes; 2009.11, 2009.12, and 2009.19.*

*** Global Trade Atlas provides Japanese import statistics for orange juice in kiloliters only. Hence, the following factors are used to convert from kiloliters to metric tons at a 65 Brix equivalent: For concentrated orange juice (FCOJ) 2009.11-290 (frozen) and 2009.19-290 (non frozen), kiloliter is multiplied by 1.3154 to get metric ton, and for single strength orange juice 2009.11-210 (frozen), 2009.12-110(non frozen), and 2009.12-210 (non-frozen), kiloliter is multiplied by 0.1897 to get metric ton at a 65 Brix equivalent.*

In MY 2010/11, Japanese total imports of orange juice increased 36 percent from last season to 87,141 metric tons on a 65 Brix equivalent. Approximately 97 percent of Japanese orange juice imports are Frozen Concentrated Orange Juice (FCOJ) on a 65 Brix equivalent. At the end of MY 2009/10, Japanese orange juice stocks became extremely short due to a brief shortage of Brazilian supplies. Seeking to maintain national stocks at sufficient levels for the next season, Japanese traders increased purchases and hence contributed to the large increase in MY2010/11.

Traditionally, Brazil has been the largest supplier of orange juice to Japan, supplying approximately 85 percent of Japan's total imports. In MY 2010/11, Japanese imports of Brazilian orange juice jumped 41 percent to 73,716 metric tons, the highest level since MY2006/07. A large amount of FCOJ is shipped to Japan from Brazil via chartered vessel (a tanker) on an irregular basis. One chartered vessel shipment can increase Japanese imports of FCOJ by as much as 10,000 to 13,000 metric tons. This season's increase in imports from Brazil is largely due to the fact that there was one additional charter vessel shipment from Brazil compared to 3 shipments in MY 2009/10.

In MY 2010/11, Japanese imports of U.S. orange juice declined significantly to 1,579 metric tons on a 65 Brix equivalent. Similarly, the U.S. share of the Japanese orange juice market also decreased to 2 percent. As Japanese traders were able to increase orange juice imports from Brazil, imports from U.S. orange juice declined. Traders also report that supplies of Florida orange juice have declined significantly since devastating hurricanes hit Florida back in 2004 and 2005. In addition, U.S. orange juice prices are relatively higher compared to Brazilian products.

In MY 2010/11, imports of Mexican FCOJ slowed for the second consecutive year to 4,635 metric tons, a slight decrease from last season. However, since the implementation Mexico-Japan Economic Partnership Agreement (EPA) in 2005, shipments of Mexican orange juice to Japan have doubled. Under the EPA, Mexico continues to have a great advantage over other suppliers shipping to Japan. For example in 2011, imports of frozen concentrated orange juice (FCOJ) from Mexico (up to 6,200 metric tons) faced a duty of 12.75 percent while imports of FCOJ from other sources, including the United States, faced the MFN duty rate of 25.5 percent. (See policy section.)

For MY 2011/12, post forecasts Japanese world imports of orange juice to decline to around 75,000 metric tons on a 65 Brix equivalent. The Japanese trade reports that world orange juice prices are expected to stay high due to Brazil's low FCOJ stocks and increasing demand from developing Asian countries and Russia. Japanese consumption of orange juice is expected to be stable, but high FCOJ prices may affect orange juice consumption.

Prices (Orange Juice)

Japan: Average import price of FCOJ (HS code: 2009.11-290)

Marketing year: October-September
Price in U.S. Dollar (CIF) per kilogram at a 65 Brix equivalent

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
United States	3.26	3.02	2.36	1.91	2.76
Brazil	2.19	2.10	1.83	1.63	2.52
Mexico	2.21	2.62	1.96	1.76	2.78

Source: Global Trade Atlas

In MY 2010/11, Japanese import prices (CIF) for frozen concentrated orange juice (FCOJ) increased approximately 45 to 58 percent from the MY 2009/10 price. According to industry sources, the CIF price hike was due largely to the world's low FCOJ stocks, as a result of shorter supplies from the United States and Brazil. High demand for FCOJ from developing Asian countries and Russia also contributed to the recent hike in prices. The import price for Brazilian orange juice continues to be cheaper than the price of the United States and Mexico, but the price gap between the U.S. and Brazil has narrowed in the recent years likely due to the weaker dollar.

In MY 2010/11, the Japanese wholesale prices of FCOJ (the price at which Japanese importer sells to beverage manufactures or other processors) was marginally up from last year due to higher import prices compared to last year. The current FCOJ wholesale prices are around $4.50 - $5.15 (350 - 400 yen)* per kilogram. The Japanese beverage industry is concerned that at a higher wholesale price may discourage orange juice consumptions in Japan.

In the retail sector, orange juice is sold under a national brand such as Tropicana, Minute Maid, Dole and Sunkist, or supermarket's own private brand. National brands of orange juice are commonly sold at around $1.93 - $2.32 (150 – 180 yen)* for a 1000-mililiter paper-based container at a supermarket in Tokyo Metro area. For example, Minute Maid 100% orange juice is sold at $2.42 (188 yen) for a 1000-mililiter container. Similarly, Sunkist orange juice is sold at $2.05 (159 yen) for a 1000-mililiter container and $1.42 (110 yen)* for a 500-mililiter container. Sunkist also sells a 200-mililiter paper-based container for children's school lunch box at $1.02 (79 yen). Japanese major supermarkets sell a private brand of 100% orange juice at $1.71 (133 yen) for a 1000-mililiter paper-based container.

** The exchange rate of 77.70 yen per dollar is based on the Nikkei News quote on December 9, 2011.*

Policy

Japan/Mexico Economic Partnership Agreement (EPA):

The Japan/Mexico EPA has been in effect since April 1, 2005. Under this agreement, various agricultural products, including orange juice, enter Japan at a reduce import duty. Regarding orange juice specifically, Japan granted Mexico preferential tariff-quotas on all line items and slashed duties by half. In the case of concentrated orange juice, Mexico has enjoyed a preferential tariff-quota since the first year of the EPA's implementation. As agreed, in-quota imports (up to 6,200 metric tons in 2009) face a 12.75 percent tariff while imports exceeding the quota in any given year face Japan's MFN tariff

rate of 25.5 percent. Since the EPA's implementation, imports of Mexican orange juice have not exceeded the quota level. For single-strength orange juice, in-quota imports (up to 1,500 metric tons on a 65 Brix equivalent) face a tariff of 10.65 percent or half of the MFN duty. Currently, the renegotiation of tariff concessions is ongoing and hence the tariff quota granted in 2009 will continue to apply until the parties reach a new agreement.

The Japan/Mexico EPA agreement can be found (in Japanese only) in the following MAFF website: http://www.maff.go.jp/j/kokusai/renkei/fta_kanren/f_mexico/index.html

Import Duties (Orange Juice):

Japan: Import Duties 2011

Tariff Code (HS)	Description	Duty Rate (%)*
2009.11-110	Orange juice, frozen, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained	25.5%
2009.11-190	Orange juice, frozen, containing added sugar, other	29.8% or 23 yen/kg, whichever is the greater
2009.11-210	Orange juice, frozen, not containing added sugar, not more than 10% by weight of sucrose	21.3%
2009.11-290	Orange juice, frozen, not containing added sugar, other	25.5%
2009.12-110	Orange juice, not frozen, of a Brix value not exceeding 20, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained	25.5%
2009.12-190	Orange juice, not frozen, of a Brix value not exceeding 20, containing added sugar, other	29.8% or 23 yen/kg, whichever is the greater
2009.12-210	Orange juice, not frozen, of a Brix value not exceeding 20, not containing added sugar, not more than 10% by weight of sucrose	21.3%
2009.12-290	Orange juice, not frozen, of a Brix value not exceeding 20, not containing added sugar, other	25.5%
2009.19-110	Orange juice, other, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained	25.5%
2009.19-190	Orange juice, other, containing added sugar, other	29.8% or 23 yen/kg, whichever is the greater
2009.19-210	Orange juice, other, not containing added sugar, not more than 10% by weight of sucrose	21.3%
2009.19-290	Orange juice, other, not containing added sugar, other	25.5%

Source: Customs Tariff Schedules of Japan 2011

** all duties are charged on a CIF basis*

Lemons

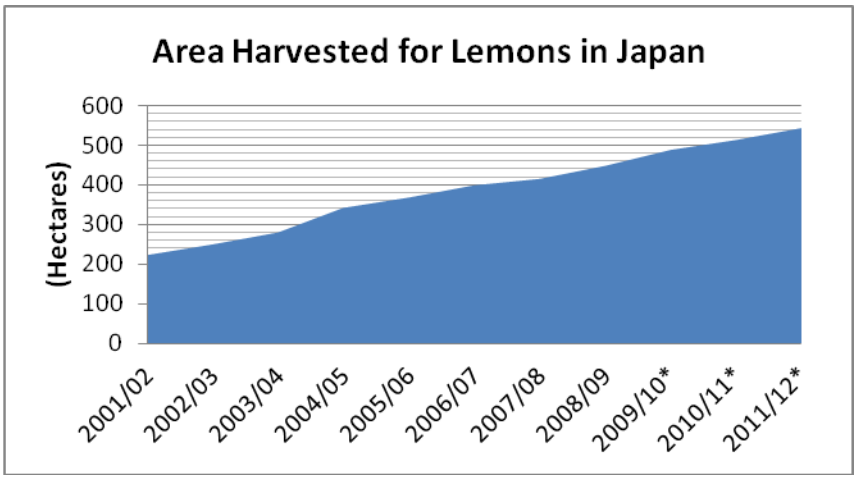
PS&D table:

Lemons/Limes, Fresh Japan	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	490	490	530	510		540
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	7	7	8	7		8
Imports	53	53	55	57		58
Total Supply	60	60	63	64		66
Exports	0	0	0	0		0
Fresh Dom. Consumption	58	58	61	62		64
For Processing	2	2	2	2		2
Total Distribution	60	60	63	64		66

* Area measured in hectares

Production, Imports, Exports, and Consumption measured in thousands of metric tons

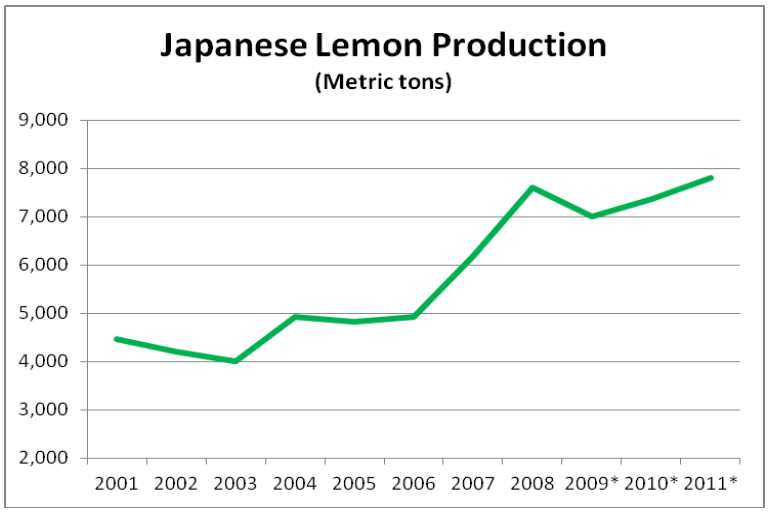
Production



Source: MAFF

** Post estimate based on MAFF's latest available data (2008) and Japan Fruit Growers Cooperative Association's estimates*

Unlike many other fruit harvesting areas in Japan, area harvested for Japanese lemons has been growing steadily over the last decade. As demand for domestic lemons increases, Japanese growers are responding to consumer preference for local produce, and switching their tangerine groves to lemon trees. Based on information from the Japan Fruit Growers Cooperative Association, post estimates that in MY 2011/12 the Japanese lemon harvest are will increase slightly than last year to about 540 hectares, more than doubled the area in 2001.



Source: MAFF

** Post estimate based on MAFF's latest available data (2008) and Japan Fruit Growers Cooperative Association's estimates*

Using the latest available official data (2008) and a moving five-year-average, post anticipates the Japanese production of lemons will continue on a general upward-trend reaching roughly about 7,800 metric tons in MY2011/12. Between 2001 and 2006, Japanese lemon production held steady at average 4,555 metric tons. Since then and despite some slower years, domestic production continues to increase annually. Similarly, the market share for domestic lemons is also expected to increase marginally from

the previous season to 14 percent, the highest level so far. While the quality of domestic lemons is not superior to that of U.S. and Chilean lemons, in the current economy the price competitiveness of imported products may still attract more budget-conscious consumers.

Consumption

As fresh lemons are largely consumed by the food service sector as a garnish, Japanese consumption of lemons is relatively stable. Per-household consumption data for lemons is not available. Under the current economy, Japanese hotels and restaurants have been trying to reduce the purchasing volume of their food inputs. However, this has not impacted fresh lemon purchases as lemons are considered an essential food item often used as garnish at restaurants and homes.

Trade (Imports)

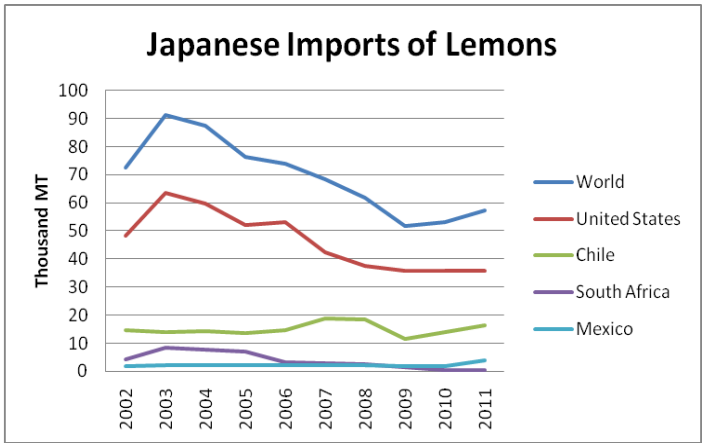
Japan: Imports of fresh lemon

Marketing year: October-September / Quantity in metric tons

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
World	**68,259**	**61,887**	**51,671**	**53,129**	**57,286**
United States	42,461	37,439	35,613	35,917	35,634
Market share:	*62%*	*60%*	*69%*	*68%*	*62%*
Chile	18,807	18,359	11,649	13,981	16,213
Mexico	2,327	2,076	1,911	1,984	4,036
New Zealand	1,351	1,196	858	711	1,024
South Africa	2,700	2,591	1,335	424	379
Australia	218	176	293	113	0
All other	395	50	12	0	0

Source: Global Trade Atlas

Japanese imports of fresh lemons appear to be recovering from a decade-long declining trend. In MY 2010/11, Japanese world imports of lemons grew for a third straight year to 57,286 metric tons, an 8 percent increase from last season. Significantly higher imports from Chile and Mexico, in particular, contributed to this season's growth. Japanese traders expect similar import volumes in the next season since U.S. lemon production has been reported to have no major changes this year. Hence, for MY 2011/12 post estimates total Japanese imports of fresh lemons to hold steady at around 57,000 to 58,000 metric tons.



Source: Global Trade Atlas.

The United States supplies fresh lemons all year round to the Japanese market, shipping an average of 62 percent of the Japan's total imports. In MY 2010/11, imports of U.S. lemons were 35,634 metric tons, similar to last year and valued at approximately $55 million on a CIF basis. Among Japanese traders, U.S. fresh lemons have a good reputation and are consider high quality fruit. However, summer shipments of U.S. lemons reportedly face minor quality issues as the U.S. summer crops experience "re-greening effects." As Japanese traders and consumers are not keen on selling or buying re-greened lemons, traders are turning to fresh Chilean lemons during the summer season. According to industry sources, in MY 2011/12, California is expected to have an average level of lemon production. Production in Central California is expected to decline marginally due to the cold temperatures experienced in early 2011, while production in Southern California is expected to increase about 10 percent from last year. As overall levels of California lemon supplies are not expected to change, post anticipates U.S. lemons sales to Japan to remain about the same as last season.

Chile plays a major role in the Japanese summer fresh lemon market, supplying approximately 28 percent of the Japan's total fresh lemon imports. Chile's new lemon crop comes to Japan from June through October when lemon shipments from California are relatively low. Japanese imports of Chilean lemons average about 15,000 metric tons. Along with overall imports, imports from Chile continue to recover. In MY 2010/11, Chilean lemon supplies to Japan increased by 16 percent to 16,213 metric tons, valued at $18 million on a CIF basis. However, trade sources report that is fairly difficult to anticipate how much Chile will ship to the Japanese market. For example, in the summer of 2010, the Japanese market faced a shortage of Chilean lemons, while in 2011 the market was oversupplied. As Japanese buyers have Minimum Guaranteed Price (MGP) contracts with Chilean shippers, when demand for fresh lemons is weak in other markets, Chile tends to increase lemon shipments to Japan.

In MY 2010/11, Japanese imports of Mexican lemons (HS code 080550, fresh lemons and limes combined) doubled from last year and reached record levels to 4,036 metric tons. Until MY 2009/10, Mexican supplies under HS code 080550 consisted primarily of fresh limes. However, for the first time

in MY 2010/11, Mexico supplied a large quantity of fresh lemons (about 2,199 metric tons) to the Japanese market. In that same year, imports of Mexican fresh limes slowed slightly to 1,837 metric tons. According to Japanese traders, an American company recently purchased lemon groves in Mexico, and from October through January made fresh lemon shipments to Japan. Japanese traders report that the quality of Mexican lemons is fairly good. Quality-wise, Japanese buyers indicate that is difficult to differentiate between Mexican and California lemons. Given the competitiveness of Mexican lemon prices, post anticipates shipments of Mexican lemons to Japan will likely continue and possibly increase further.

New Zealand supplies approximately 2 percent of the Japanese total lemon imports. In MY 2010/11, Japan imported 1,024 metric tons of New Zealand lemons, a slight increase compared to last year. Although Japan's N.Z. lemon imports have been declining for some time, MY 2010/11 imports have recovered to MY 2007/08 levels. In July 2011, the average CIF price of New Zealand lemons was marginally cheaper than the price of the previous year but prices still remain the highest among suppliers. Japanese imports of South African lemons continued its eight-year decline and dropped further to 379 metric tons.

Prices:

Japan: Fresh Lemon Prices - Import, Wholesale, Retail

Import CIF Prices *	*(US $/KG)*	**Wholesale Prices ****	*(Yen/KG)*	**Retail Prices *****	*(Yen/KG)*
2010		2010		2010	
October	$1.55	October	¥239	October	¥551
November	$1.78	November	¥279	November	¥572
December	$1.75	December	¥234	December	¥541
2011		2011		2011	
January	$1.36	January	¥191	January	¥564
February	$1.35	February	¥167	February	¥530
March	$1.30	March	¥159	March	¥532
April	$1.24	April	¥175	April	¥492
May	$1.40	May	¥180	May	¥519
June	$1.40	June	¥185	June	¥534
July	$1.37	July	¥208	July	¥533
August	$1.21	August	¥202	August	¥551
September	$0.99	September	¥181	September	¥540
Source: GTA		*Source: MAFF*		*Source: MIC*	

** Import prices are average import CIF prices.*

*** Wholesale prices are average wholesale prices at the major wholesale markets.*

**** Retail prices are average retail prices in the Metro Tokyo area.*

Policy:

Policy Issues affecting Citrus Exports:

Japanese Approval of Post Harvest Fungicides: On August 31 2001, the Ministry of Health, Labor and Welfare (MHLW) approved the use of fludioxonil as a post harvest fungicide. With this announcement, U.S. citrus growers can apply this important fungicide treatment to agricultural crops before or after harvest to protect citrus products from deterioration during storage and transport. Regarding lemons, the Japanese Maximum residue Limits (MRL) for fludioxonil, for both pre and post harvest application is set at 10 parts per million (ppm.)

Maximum Residue Limit (MRL) Issues: During this reporting period there were no MRL issues affecting U.S grapefruit shipments to Japan.

Import Duties:

Japan: Import Duties 2011

Tariff Code (HS)	Description	Duty Rate (%)*
0805.50-010	Fresh Lemon	Free

Source: Customs Tariff Schedules of Japan 2011
** all duties are charged on a CIF basis*