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Report Highlights:

Japan's mandarin production continues to decline amidst labor shortages and reduced consumption. Shipping challenges and rising prices are projected to reduce the consumption of largely imported oranges and grapefruit. FAS/Tokyo anticipates that the resumption of hotel and restaurant operations following 2020-2021 COVID-19-related states of emergency will support the recovery of the Japanese demand for fresh lemons.

Fresh Tangerines/Mandarins

Production, Supply and Distribution Table

Tangerines/Mandarins, Fresh Market Year Begins Japan	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	0	0	0	0	0	0
Area Harvested (HECTARES)	53000	53000	51500	51700	0	50400
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	960	962	973	976	0	924
Imports (1000 MT)	20	21	19	23	0	25
Total Supply (1000 MT)	980	983	992	999	0	949
Exports (1000 MT)	1	1	1	1	0	2
Fresh Dom. Consumption (1000 MT)	899	902	923	930	0	877
For Processing (1000 MT)	80	80	68	68	0	70
Total Distribution (1000 MT)	980	983	992	999	0	949
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Production

Japan's domestic tangerine/mandarin production primarily focuses on Satsuma mandarins, also known as "Unshu mikan" or "Unshu orange" (referred to as "unshu" hereafter). After reaching peak production of 3.7 million metric tons (MT) and a corresponding price drop in 1975, Japan's unshu production has been steadily declining in line with production plans by Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF). In response, some citrus farmers have transitioned to producing non-unshu varieties (e.g., *Natsu-Mikan (Citrus natsudaidai)* and *Iyokan (Citrus Iyo)*). Although this transition had partially offset falling unshu production, non-unshu production has also been declining since 1987 due to the overarching challenge in Japanese agriculture of aging farmers and a lack of successors.

In marketing year (MY: October – September) 2021/22, FAS/Tokyo forecasts area harvested¹ for tangerines/mandarins in Japan will shrink by 1,300 hectares (ha) to 50,400 ha from MY 2020/21. The unshu varieties will represent approximately 80 percent of Japan's total tangerine/mandarin production, and the remainder will be non-unshu varieties.

Japan's tangerine/mandarin season runs generally between October and May, where unshu production occurs primarily between October to February, followed by non-unshu varieties. According to MAFF statistics, five western prefectures (Wakayama, Ehime, Shizuoka, Kumamoto, and Nagasaki) produce nearly 70 percent of Japan's unshu. These five prefectures are also major producers of non-unshu varieties. Until MY 2019/20, MAFF had set an "appropriate production/distribution quantity" target to control production, but recent unshu production fell short of the targets. Therefore, MAFF decided to shift away from government-driven production control. For MY 2021/22, MAFF announced a tangerine/mandarin demand estimate in an effort to balance production with market demand.

¹ MAFF statistics provides "area harvested", but not "area planted". The present report follows that convention and reports only on "area harvested."

MAFF's MY 2021/22 demand estimate² for unshu is 760,000 MT, 6,000 MT down from MY 2020/21. However, based on industry sources, FAS/Tokyo forecasts Japan's MY 2021/22 production will fall short of meeting that demand. According to Wakayama unshu farmers, MY 2021/22 will be an "off-year" for the alternatively bearing unshu in Wakayama and Shizuoka prefectures. Furthermore, long rains in May and August negatively impacted production due to increased incidence of *Botrytis cinerea* and citrus black spot disease. FAS/Tokyo forecasts MY 2021/22 tangerine/mandarin production at 924,000 MT, down 5.3 percent from MY 2020/21 level, of which 720,000 MT will be unshu.

Consumption

Approximately 90 percent of domestically produced tangerines/mandarins are consumed fresh in Japan. The remainder is processed, mostly for juice. According to surveys carried out by the Japan Fruit Association (JFA) and the Japan Co-operative Alliance (JCA), price is increasingly the key consideration for Japanese consumers in purchasing fresh fruit. For example, the 2020 JFA survey found that approximately 55 percent of Japanese consumers eat fresh fruit less than once a week due to cost. Although at-home food consumption, where tangerines/mandarins are typically eaten, has increased during the COVID-19 pandemic, this trend has not led to an increase in fresh fruit consumption. Consequently and in light of the expected decline in domestic tangerine/mandarin production, FAS/Tokyo forecasts Japan's total tangerine/mandarin consumption will decrease by 5.0 percent from MY 2020/21 to 949,000 MT in MY 2021/22.

Imports

In MY 2020/21, Japan's imports of fresh tangerines/mandarins rose by 9.9 percent to 23,103 MT, primarily due to summer tangerine imports from Peru (Table 1), which gained market access to Japan for tangerines/mandarins in 2018. Although Peruvian tangerines are typically more price-competitive than U.S. or Australian products, there is minimal overlap or direct competition in the Japanese market between tangerine/mandarin imports from the United States³ and southern hemisphere⁴. Nevertheless, despite remaining the top fresh tangerine/mandarin supplier to Japan, the U.S. import share has been declining in the last few years due to changing production patterns and export priorities in the United States, as well as increasing price (Table 1).

FAS/Japan forecasts Japan's imports of tangerines/mandarins to increase to 25,000 MT in MY 2021/22 or by 8.2 percent from MY 2020/21 levels, largely due to growing consumption in the summer months driven by the availability of Australian and Peruvian products.

² MAFF does not publish a demand estimate for non-unshu varieties.

³ U.S. tangerine/mandarin exports tend to arrive to Japan between February and May.

⁴ Peru and Australia typically ship tangerines/mandarins between June and August.

Table 1. Japan's Mandarin/Tangerine Imports by Volume (in MT)

	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
World	18,833	18,659	18,651	21,031	23,103
United States	13,004	12,954	12,799	12,399	12,277
<i>Market Share:</i>	<i>69%</i>	<i>69%</i>	<i>69%</i>	<i>59%</i>	<i>53%</i>
Australia	4,135	4,546	4,827	6,959	5,901
Peru	0	0	23	824	4,451
Other	1,694	1,159	1,002	849	474

Source: Trade Data Monitor, LLC.

Exports

Despite COVID-19-related restrictions on travel and promotional activities, Japan's fresh tangerine/mandarin exports increased to 1,416 MT or by 34.4 percent from MY 2019/20 to MY 2020/21 largely due to greater demand from established customers in Hong Kong. Given the Government of Japan's focus on boosting agricultural exports, including unshu (see JA2021-0103 titled "[Japan Releases Details on Agricultural Export Expansion Plan](#)"), FAS/Tokyo forecasts MY 2021/22 Japan's tangerine/mandarin exports will grow to 1,800 MT or by 27 percent from MY 2020/21 levels.

Policy

U.S. tangerine/mandarin exports (Harmonized System Code (HS) 0805.21, clementines (HS 0805.22) and similar varieties (HS 0805.29)) continue to face a tariff disadvantage compared to tangerines/mandarins from member countries, including Australia and Peru, of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The import tariff rate for CPTPP tangerines/mandarins is 5.6 percent, while U.S. products face a 17 percent tariff.

Fresh Oranges

Production, Supply and Distribution Table

Oranges, Fresh Market Year Begins Japan	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	0	0	0	0	0	0
Area Harvested (HECTARES)	390	420	380	410	0	400
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	6	6	6	6	0	6
Imports (1000 MT)	91	91	80	86	0	84
Total Supply (1000 MT)	97	97	86	92	0	90
Exports (1000 MT)	0	0	0	0	0	0
Fresh Dom. Consumption (1000 MT)	96	96	85	91	0	89
For Processing (1000 MT)	1	1	1	1	0	1
Total Distribution (1000 MT)	97	97	86	92	0	90
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Production

Japan's fresh orange cultivation is limited to Shizuoka, Hiroshima and Wakayama prefectures. Approximately 90 percent of oranges grown in Japan are of the Navel variety. Although domestic orange production continues to decline, area harvested is decreasing at a slower rate than FAS/Tokyo had previously estimated. MAFF publishes production statistics for non-unshu citrus varieties with a 3-year delay. Based on the latest available MAFF statistics published in 2021 and representing production in MY 2018/19, FAS/Tokyo estimated orange areas harvested in MY 2019/20 and MY 2020/21 at 420 ha and 410 ha, respectively. In line with this trend, FAS/Tokyo forecasts area harvested for oranges in Japan to drop to 400 ha in MY 2021/22.

FAS/Tokyo estimates fresh orange production at 6,400 MT in MY 2019/20 and 6,200MT in MY 2020/21. Based on the anticipated reduction in area harvested, FAS/Tokyo forecasts Japan's MY 2021/22 production of fresh oranges to fall to 6,000 MT.

Consumption

Imports represent approximately 93 percent of Japan's fresh orange consumption. Japan's MY 2020/21 consumption of fresh oranges decreased by 5.2 percent to 92,000 MT due to an approximately 10 percent cost, insurance, and freight (CIF) price hike for U.S. oranges. Although the increase in at-home consumption during the COVID-19 pandemic would normally support greater fresh orange consumption, the increase in the price of U.S. orange negated that potential. Japanese orange importers estimate that approximately 65 percent of imported oranges are consumed fresh at home in Japan.

FAS/Tokyo forecasts Japan's MY 2021/22 total orange consumption to further decrease to 90,000 MT due to continuing shipping challenges for U.S. exporters.

Imports

The United States is the leading supplier of fresh oranges to Japan and is closely followed by Australia (Table 2). In MY 2020/21, due to the increased per unit price, the volume of U.S. fresh orange exports fell to 45,883 MT or by 8.2 percent from MY 2019/20. U.S. and Australian oranges do not typically compete in the Japanese market due to seasonal differences in availability.

In MY 2021/22, with the anticipation of further price increases due to logistical constraints, FAS/Tokyo forecasts a 2.3 percent decrease in Japan's orange imports to 84,000 MT.

Table 2. Japanese Fresh Orange Imports by Volume (in MT)

	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
World	92,223	82,558	85,049	91,116	85,935
United States	52,596	42,539	50,086	49,994	45,883
<i>Market Share (%)</i> :	57%	52%	59%	55%	53%
<i>Average CIF (\$)</i> :	1.45	1.69	1.41	1.44	1.58
Australia	35,464	34,714	31,035	39,668	38,898
Other	4,163	5,305	3,928	1,454	1,154

Source: Trade Data Monitor, LLC.

Exports

Due to limited domestic production, Japan's fresh orange exports are negligible (19 MT).

Policy

Under the U.S.-Japan Trade Agreement (USJTA), U.S. fresh orange imports (HS 0805.10) to Japan have a stepwise tariff elimination schedule. The tariff for U.S. oranges varies depending on the import window (Table 3). In addition, the tariff on U.S. orange imports to Japan may be subject to a safeguard if imports exceed the safeguard trigger volume (Table 4). This safeguard is applicable only between December 1 to March 31. Although the USJTA and the CPTPP provide the same tariff rate for fresh oranges to Japan, Australia has a tariff advantage between June 1 to September 30 based on the Japan-Australia Economic Partnership Agreement. The JFY 2021⁵ import tariffs for Australian oranges in June-September was 4.4 percent, and the JFY 2022 import tariff for June-September will be 2.9 percent.

⁵ Japanese fiscal year (JFY) runs from April 1 through March 31 of the following year.

Table 3. Tariff Schedule for U.S. Oranges (HS 0805.10) under USJTA

Period of the Year	JFY 2021	JFY 2022	JFY 2023	JFY 2024	JFY 2025
1) Between June 1 and November 30	5.3%	2.6%	Free	Free	Free
2) Between December 1 and March 31*	20.4%	15.3%	10.2%	5.1%	Free
3) Between April 1 and May 31	10.6%	5.3%	Free	Free	Free

Source: FAS/Tokyo

* This period is subject to safeguard.

Table 4. Safeguard on U.S. Oranges to Japan between December 1 and March 31 under USJTA

Year	Safeguard Trigger (MT)	Over-safeguard Duty
JFY 2021	38,950	28.0%
JFY 2022	40,850	20.0%
JFY 2023	42,750	20.0%
JFY 2024	44,650	20.0%
JFY 2025	Eliminated	N/A

Source: FAS/Tokyo

Orange Juice

Production, Supply and Distribution Table

Orange Juice Market Year Begins Japan	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors (MT)	0	0	0	0	0	0
Beginning Stocks (MT)	26379	26379	40140	42253	0	37986
Production (MT)	0	0	0	0	0	0
Imports (MT)	75992	75992	68000	49759	0	45000
Total Supply (MT)	102371	102371	108140	92012	0	82986
Exports (MT)	2231	118	2500	26	0	50
Domestic Consumption (MT)	60000	60000	68000	54000	0	48500
Ending Stocks (MT)	40140	42253	37640	37986	0	34436
Total Distribution (MT)	102371	102371	108140	92012	0	82986
(MT)						

* Orange juice imports represent the total of imports under HS codes: 2009.11, 2009.12 and 2009.19.

**As Japanese import statistics (via Trade Data Monitor) for orange juice are in kiloliters, the table includes all imports converted to Frozen Concentrate Orange Juice (FCOJ) 65 Brix equivalent in MT. In line with industry standards, the conversion factor for concentrated orange juice (2009.11 (frozen) and 2009.19 (non-frozen)) was 1.3154 or the density of FCOJ at 65 Brix. For liquid non-concentrated orange juice (2009.12), the conversion factor was 0.1897 (standard 1.04 density at 11.8 Brix multiplied by the ratio of 11.8 Brix to 65 Brix or 0.18).

Production

Due to Japan's limited orange production, domestic orange juice production is negligible. MAFF estimates that annually approximately 10 percent of fresh unshu is processed into unshu juice, not included in the PS&D table for orange juice. For MY 2021/22, FAS/Tokyo forecasts that Japan will produce approximately 13,000 MT of unshu juice at 65 Brix equivalent.

Consumption

Although the demand for vegetable, probiotic and soybean-based drinks, as well as mineral water and unsweetened carbonated beverages, increased during the COVID-19 pandemic due to their purported health benefits, sugar-containing drinks, including fruit juices, did not benefit from this trend. According to the Japan Soft Drink Association, fruit juice consumption, including orange juice, fell by approximately 20 percent from 2019 to 2020. At the same time, the global orange juice price has been increasing since early 2020. Based on these trends, FAS/Tokyo forecasts Japan's MY 2021/22 orange juice consumption will decrease by another 10 percent to 48,500 MT at 65 Brix equivalent.

Imports

Brazil is the leading supplier of orange juice to Japan, followed by Israel and Mexico (Table 5). In MY 2020/21, Japan's orange juice imports fell by 34.5 percent from MY 2019/20 due to a reduction in domestic consumption and increasing global price of orange juice. FAS/Tokyo anticipates that these trends will continue and forecasts imports at 45,000 MT in MY 2021/22.

Table 5. Japan's Orange Juice Imports at 65 Brix Equivalent (in MT)

	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
World	71,480	83,519	74,512	75,992	49,759
United States	459	421	322	342	228
<i>Market Share:</i>	<i>0.6%</i>	<i>0.5%</i>	<i>0.4%</i>	<i>0.5%</i>	<i>0.5%</i>
Brazil	38,668	47,851	40,102	42,517	30,580
Israel	15,305	18,336	18,555	20,363	8,848
Mexico	9,354	9,093	8,552	5,695	5,544
Others	7,694	7,817	6,981	7,074	4,560

Source: Trade Data Monitor, LLC.

Exports

HS codes and trade data do not differentiate between orange juice and unshu juice. Although FAS/Tokyo assumes that all Japanese exports under HS codes listed in Tables 6 and 7 represent unshu, rather than orange, juice, these export numbers are included in the PS&D table for orange juice. Based on the sudden spike in Japan's orange juice exports in MY 2018/19 and the Government of Japan's policy to increase agricultural exports, FAS/Tokyo had anticipated that Japan's orange juice exports would continue to increase in MY 2019/20 and beyond. However, the MY 2018/19 level turned out to be an extraordinary surge, so FAS/Tokyo revised down its estimates for Japan's orange export volumes to 118 MT in MY 2019/20, which still had some echoes of the MY 2018/19 spike, and 26 MT in MY 2020/21, when the COVID-19 pandemic impacted consumption. Japan's export is likely unshu juice mainly to destinations in Asia, primarily to China and Hong Kong. Given the decreasing domestic demand for fruit juice and a steady proportion of unshu production diverted to processing, FAS/Tokyo forecasts a slight increase in exports to 50 MT at 65 Brix equivalent in MY 2021/22 in line with historical export levels.

Policy

The USJTA provides a stepwise tariff elimination for non-frozen and non-concentrated orange juice with a 10-20 Brix value without added sugar (Table 6).

Table 6. USJTA Tariff Schedule for Japanese Imports of U.S. Orange Juice (HS 2009.12.290)

Product	JFY 2021	JFY 2022	JFY 2023	JFY 2024	JFY 2025	JFY 2026	JFY 2027	JFY 2028
Orange Juice, Not Frozen, No sugar added, Brix below 20	16.2%	13.9%	11.5%	9.2%	6.9%	4.6%	2.3%	Free

Source: FAS/Tokyo

For other orange juice categories, the tariff rates for U.S. exports to Japan follow tariff rates for the World Trade Organization (WTO) (see Table 7).

Table 7. Japan's Duties on Orange Juice Imports from WTO member countries (as of Dec 15, 2021)

Tariff Code (HS)	Description	WTO 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 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 greater
2009.12.210	Orange juice, not frozen, of a Brix value not exceeding 20, not contain added sugar, not more than 10% by weight of sucrose	21.3%
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 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: Japan Customs

Fresh Grapefruits

Production, Supply and Distribution Table

Grapefruit, Fresh Market Year Begins Japan	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	0	0	0	0	0	0
Area Harvested (HECTARES)	1223	1228	1223	1238	0	1248
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	26	27	26	27	0	27
Imports (1000 MT)	61	61	52	54	0	50
Total Supply (1000 MT)	87	88	78	81	0	77
Exports (1000 MT)	0	0	0	0	0	0
Fresh Dom. Consumption (1000 MT)	85	86	76	79	0	75
For Processing (1000 MT)	2	2	2	2	0	2
Total Distribution (1000 MT)	87	88	78	81	0	77
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Note: Production data includes data on grapefruit and Japanese grapefruit-like varieties.

Production

Japan's domestic grapefruit production is marginal (at approximately 20 MT on a 1 ha in Shizuoka prefecture). In addition, Japan produces domestic grapefruit-like varieties (referred to as Japanese Pomelo hereafter), such as *buntan* (*Citrus maxima*) and *kawachi-bankan* (*Citrus kawachiensis*), which are included in the PS&D table. FAS/Tokyo forecasts steady Japanese Pomelo production, buoyed by a core group of domestic consumers, to continue into MY 2021/22 at 27,000 MT and with a slight increase of harvested area to 1,248 ha, in accordance with MAFF statistics.

Consumption

Japan's grapefruit consumption continues to decline. As an indicator of this trend, the Ministry of Internal Affairs and Communications (MIC) announced that from 2022 grapefruit would no longer be included in its retail price survey list. (Note: This survey list contains major commodities, including non-agricultural items, that average Japanese households purchase regularly. The list is then used by the MIC to calculate the Consumer Price Index.)

Approximately 65 percent of grapefruit and grapefruit-like citrus consumed in Japan is imported. COVID-19-related limitations on in-store food promotions, coupled with the increasing price of U.S. grapefruit, contributed to an 8 percent drop in Japan's MY 2020/21 fresh grapefruit consumption to 81,000 MT, a historic low. Japanese consumers tend to eat U.S. grapefruits at home, while lower quality grapefruit are more frequently consumed at Japanese-style pubs or "izakaya".

Based on continuing shipping challenges in the United States, FAS/Tokyo forecasts Japan's MY 2021/22 grapefruit consumption to fall to 77,000 MT or by 4.9 percent compared to MY 2020/21. Industry contacts among Japanese importers report concern about grapefruit quality due to logistical problems and shipping delays.

Imports

Over the last several years, South Africa has been the top fresh grapefruit supplier to Japan at 49 percent of the import market in MY 2020/21 (Table 8). Despite an 11 percent drop in total MY 2020/21 fresh grapefruit imports to 53,865 MT from MY 2019/20, unlike the United States, South Africa maintained a steady export volume to Japan with a price advantage (the CIF price of South African grapefruit is 40 percent below U.S. grapefruit). There is minimal competition between U.S. and South African grapefruits due to seasonal difference. Instead, a key competitor for U.S. grapefruit in Japan are imports from Israel (commonly known as “Sweetie” or Oroblanco), which are on average 25 percent cheaper.

FAS/Tokyo forecasts Japan’s MY 2021/22 fresh grapefruit imports to decrease by 7.2 percent from MY 2020/21 levels to 50,000 MT due to continuing shipping challenges.

Table 8. Japanese Fresh Grapefruits Imports (MT)

	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
World	84,482	70,726	64,329	60,931	53,865
United States	36,034	18,494	18,516	15,848	12,659
<i>Market Share:</i>	<i>43%</i>	<i>26%</i>	<i>29%</i>	<i>26%</i>	<i>24%</i>
South Africa	38,672	36,202	29,591	26,269	26,519
Israel	5,964	9,555	11,206	10,491	7,770
Mexico	3,183	5,304	2,442	6,070	4,733
Others	2,247	3,076	3,150	3,870	5,344

Source: Trade Data Monitor, LLC.

Exports

Due to limited domestic production, Japan’s fresh grapefruit exports in MY 2020/21 are negligible (less than 1 MT) and are projected to remain the same in MY 2021/22.

Policy

There are no significant policy changes related to grapefruit in Japan. The current tariff rate is 10 percent for U.S. fresh grapefruit (HS 0805.40) to Japan.

Fresh Lemons and Limes

Production, Supply and Distribution Table

Lemons/Limes, Fresh Market Year Begins Japan	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	0	0	0	0	0	0
Area Harvested (HECTARES)	4420	4400	4440	4420	0	4440
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	51	48	45	48	0	48
Imports (1000 MT)	48	48	40	44	0	50
Total Supply (1000 MT)	99	96	85	92	0	98
Exports (1000 MT)	0	0	0	0	0	0
Fresh Dom. Consumption (1000 MT)	59	68	55	64	0	70
For Processing (1000 MT)	40	28	30	28	0	28
Total Distribution (1000 MT)	99	96	85	92	0	98
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Notes: - Production data includes lemon and Japanese lemon-like varieties.

- The import values represent both fresh lemons and limes.

Production

Hiroshima prefecture is Japan's leading producer of fresh lemons, accounting for approximately 50 percent of domestic production, followed by Ehime prefecture at 20 percent. In the Japanese market, unlike imported lemons, domestic lemons have a reputation as free of post-harvest fungicide application and little to no pesticide use. With increasing demand for domestic lemons with reduced chemical application, Hiroshima has been expanding crop area and production. According to the Japan Agricultural Cooperate of Hiroshima Fruits, between MY 2010/11 and MY 2020/21, the planted area for fresh lemons grew 1.5-fold. FAS/Tokyo forecasts lemon acreage will continue to expand in MY 2021/22 in response to growing demand for domestic lemons.

In addition to fresh lemons, Japan produces Japan-specific lemon-like varieties, such as *yuzu* (*Citrus junos*), *kabosu* (*Citrus sphaerocarpa*), and *sudachi* (*Citrus sudachi*). These three popular Japanese acidic citrus varieties represent 70 percent of the total area harvested for lemon and lemon-like citrus in Japan. While the crop area for *sudachi* is declining due to a lack of successors to farmers, a steady domestic demand for *yuzu* and *kabosu* has supported a stable acreage for these varieties.

FAS/Tokyo forecasts Japan's MY 2021/22 harvested area for fresh lemons and lemon-like citrus varieties to increase slightly (by 0.5 percent compared to MY 2020/21) to 4,440 ha. Consequently, Japan's production of fresh lemons and lemon-like citrus varieties is also expected to marginally increase in MY 2021/22.

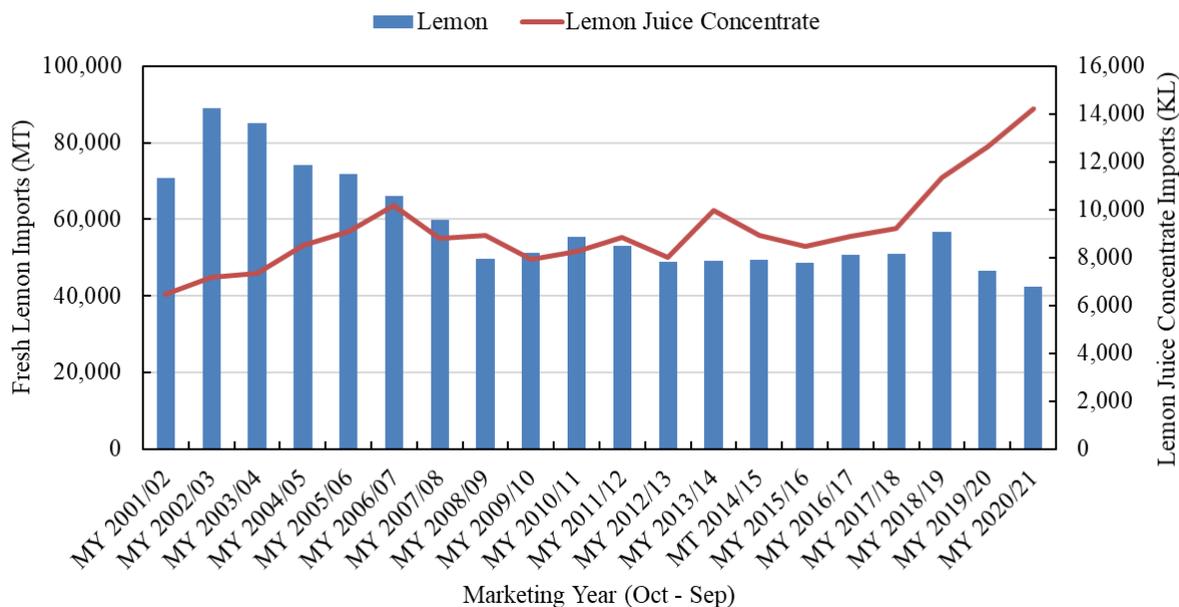
Consumption

Japan's fresh lemon consumption suffered during the COVID-19 pandemic, as the government restricted operating hours and alcohol service in restaurants and *izakayas*. Fresh lemons are primarily consumed

by the hotel, restaurant and institutional (HRI) sector in Japan. In MY 2020/21, Japan’s fresh lemon consumption fell to 92,000 MT or by 4.2 percent compared to MY 2019/20. Although many COVID-19 restrictions have been lifted, HRI sales have not recovered to pre-COVID levels. Furthermore, shipping logistical constraints have raised the per unit price and in part served to shift the HRI sector demand to lemon juice and other alternatives to fresh lemons. As a result, FAS/Tokyo forecasts Japan’s fresh lemon consumption will partially bounce back to 98,000 MT.

The demand for fresh lemon extract has been on the rise in Japan, mainly driven by the popularity of ready-to-drink (RTD) alcoholic beverages, known as *chuhai*. During the COVID-19 pandemic, alcohol consumption largely shifted from dining out to at home and toward casual drinks such as lemon-flavored RTDs. According to major alcoholic beverage manufacturers’ annual reports, sales for some of these lemon-flavored RTD products grew by more than 200 percent compared to pre-COVID consumption. This trend also extended to non-alcoholic lemon-flavored drinks (e.g., lemon-flavored carbonated water), thus further driving up consumption of lemon extracts. Furthermore, Japanese consumers have in recent years preferred stronger lemon flavor so the volume of lemon extracts in RTDs has increased. Yet, the source of these lemon flavors is typically imported lemon juice rather than domestic and/or imported fresh lemons. Figure 1 shows the inverse relationship between imports of fresh lemons and lemon juice concentrate.

Figure 1. Japan’s Imports of Fresh Lemons (HS 0805.50.010) and Lemon Juice Concentrate (HS 2009.39.211)



Source: Trade Data Monitor, LLC.

Imports

In MY 2020/21, Japan's fresh lemon imports⁶ fell to 42,403 MT or by 8.8 percent from MY 2019/20. FAS/Tokyo assumes steady import levels of limes at 2,000 MT per year. The United States remains the leading lemon supplier to Japan at 49 percent of the MY 2020/21 import share, followed by Chile with 38 percent of the lemon import share (Table 9). As consumers, retailers and the HRI sector are becoming more price-sensitive, some importers have indicated interest in shifting their lemon sourcing from the United States to other suppliers. The CIF price of Chilean lemons was about 40 percent below that of U.S. lemons in MY 2020/21. Still, U.S. lemons typically are in the Japanese market between November and May, while Chilean lemons appear between June and October. In MY 2021/22, with resumed operations by the HRI sector in Japan, FAS/Japan forecasts Japan's fresh lemon imports will recover to 48,000 MT. Overall, together with lime imports of 2,000 MT, FAS/Japan forecast Japan's lemon and lime imports to reach 50,000 MT in MY 2021/22.

Table 9. Japanese Fresh Lemon Imports (MT)

	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
World	50,731	50,941	56,839	46,501	42,403
United States	29,973	29,817	33,457	24,950	20,749
<i>Market Share:</i>	<i>59%</i>	<i>59%</i>	<i>59%</i>	<i>54%</i>	<i>49%</i>
Chile	18,511	18,048	20,232	17,681	16,310
Others	2,247	3,076	3,150	3,870	5,344

Source: Trade Data Monitor, LLC.

Exports

Due to limited domestic production, Japan's fresh lemon and lime exports are negligible (less than 1 MT).

Policy

There is no tariff on U.S. lemons and limes imported into Japan.

Attachments:

No Attachments

⁶ FAS/Tokyo assumes steady import levels of limes at 2,000 MT per year.