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Japan

Citrus Annual

Changes in Japanese Consumer Preferences Signal Opportunities for Sweeter Citrus Varieties

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Report Highlights:
Japanese growers expect a good mandarin crop for MY2012/13 despite being an "off-year." In MY2011/12, Japanese imports of U.S. mandarins held steady. Imports of U.S. grapefruit slowed but are expected to rebound in the coming year. Japanese imports of U.S. oranges grew for the third consecutive season. In MY2011/12 Japanese total imports of orange juice slowed while Japanese lemon production reached another record year. The renegotiation of the Japan-Mexico Economic Partnership Agreement resulted in greater market access to Mexican citrus products.

Tangerines/Mandarins

PS&D table:

Tangerines/Mandarins, Fresh Japan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	54,120	54,290	53,000	53,040		51,830
Area Harvested	51,300	51,470	50,180	50,320		49,110
Bearing Trees**	30,780	30,780	30,110	30,110		0
Non-Bearing Trees**	5,080	5,080	5,080	5,080		0
Total No. Of Trees**	35,860	35,860	35,190	35,190		0
Production	882	857	1,015	1,001		981
Imports	21	21	22	20		20
Total Supply	903	878	1,037	1,021		1,001
Exports	2	2	3	3		2
Fresh Dom. Consumption	813	791	913	903		899
For Processing	88	85	121	115		100
Total Distribution	903	878	1,037	1,021		1,001

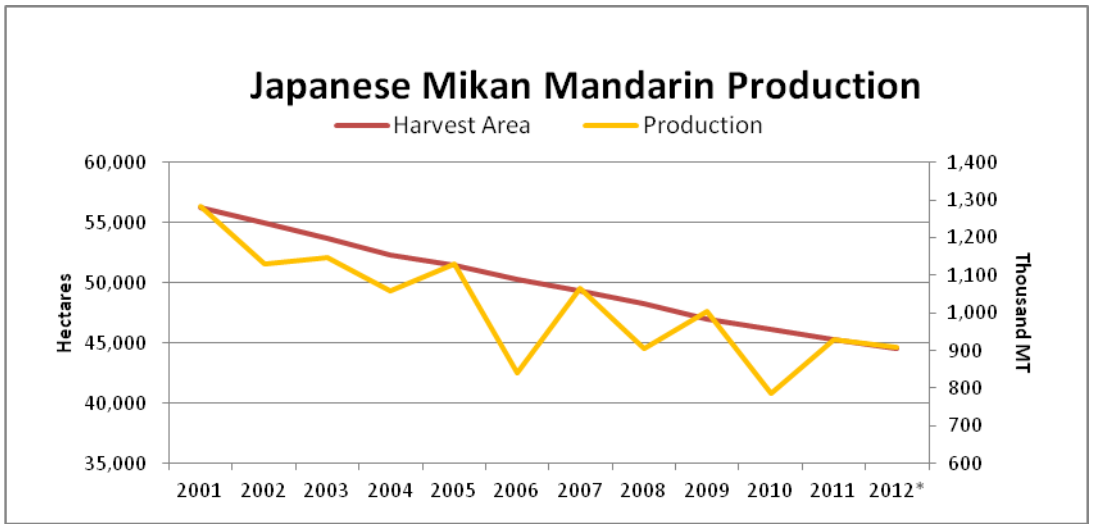
* *Area measured in hectares*

*** Estimate of number of trees was discontinued due to lack of statistics*

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

Production

Post estimates Japanese production of fresh mandarins in MY 2012/13 to be 981,000 metric tons, a 2 percent decrease compared to last season. This estimate includes the "unshu mikan" tangerines and the late mandarin varieties, "iyokan" and "hassaku. As part of the mandarin tree's natural production cycle, this season Japanese mandarin trees are experiencing was is typically referred to as an "off-year." Nonetheless, Japanese mikan mandarin growers expect to have a good crop thanks to this year's longer summer and fewer typhoons. Hence, MAFF estimates domestic mikan mandarin production to decrease by only 2 percent to 910,000 metric tons.



Source: MAFF Statistics.
**Post Estimate*

Japan's harvested acreage for mikan mandarins continues to decline. Mikan mandarins are often harvested on the south side of steep hills, which provide ideal growing conditions for citrus fruits. However, it is extremely hard for aging Japanese farmers to harvest in such locations. Additionally, growers seeking a higher return on their investment are substituting mikan mandarin trees with different citrus tree varieties such as lemon. These trends continue to contribute significantly to the reduction in total mandarin acreage. Thus, in MY2012/13, the harvest acreage for mikan mandarins is expected to decline to 44,500 hectares.

Consumption

The latest data available from the Japanese Ministry of Internal Affairs and Communications (MIC) reports that the 2011 annual Japanese consumption of fresh mandarins was 11.8 kilograms per household, compared to 12.7 kilograms in 2010. Mikan mandarins are one of Japanese consumers' favorite fresh fruits representing about 14 percent of fresh fruit consumption in 2011. In addition, annual household expenditures on mandarins remain significantly above expenditures on other fresh citrus fruits. That said, Japanese household consumption of fresh fruit overall, with only a few exceptions, has been declining annually for more than two decades. The total per household consumption of all fresh fruit items declined to 83 kilograms in 2011 from 115 kilograms in 1992. In the case of mikan mandarins, 2010 Japanese household consumption was only half the amount consumed in 1992. Younger consumers tend to eat significantly fewer mandarins than their elders, because they reportedly prefer the ease of eating fruit that does not require peeling. The Japanese industry has been trying to encourage the younger generations to consume more mandarins by introducing ready-to-eat mandarin products such as cut fruit and jelly-fruit cups. However, these efforts are unlikely to offset the decline in Japanese mikan mandarin consumption in MY2012/2013.

Trade (Imports)

Japan: Imports of fresh mandarins

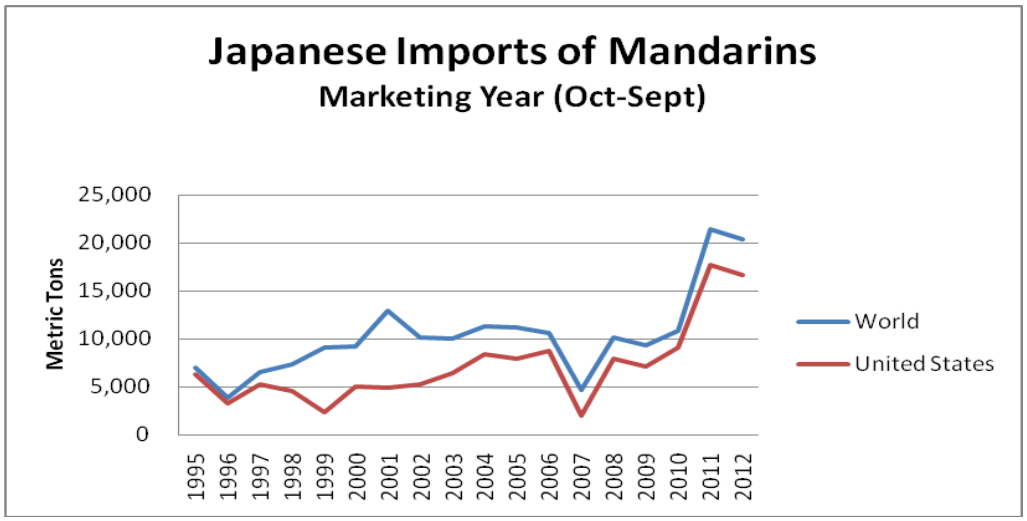
Marketing year: October-September / Quantity in metric tons

	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
World	**10,109**	**9,265**	**10,797**	**21,406**	**20,313**
United States	7,861	7,160	9,128	17,650	16,635
Market share:	*78%*	*77%*	*85%*	*82%*	*82%*
Australia	1,307	1,374	962	2,276	2,097
New Zealand	380	494	328	866	980
Chile	156	151	282	513	261
Taiwan	82	81	97	102	91
All other	323	5	0	0	249

Source: Global Trade Atlas

In MY 2011/12, total Japanese mandarin imports remained about the same as the previous season, totaling 20,313 metric tons and accounting for about 2 percent of total domestic tangerine/mandarin consumption. Japanese imports of U.S. tangerines held relatively steady from last year's record level at 16,635 metric tons, valued at $22 million. Shipping mainly Minneola tangelos, the United States is by far the largest supplier of tangerines to Japan, accounting for 82 percent of total imports last season. Japanese traders report that U.S. Minneola tangelos have a good reputation among Japanese consumers and are considered to be high quality fruit. Hence, traders expect the U.S. Minneola to remain a key citrus product in the Japanese market.

During MY2011/12, Australia supplied about 2,097 metric tons of Murcott mandarins to Japan, relatively unchanged from last year. Similar to U.S. Minneola tangelos, Australian Murcott mandarins are known for their high quality and are well accepted among Japanese consumers. Traders report that during the last past few years, Australian citrus growers have been actively promoting sales of Australian Murcott and other Australian citrus products in Japan.



Source: Global Trade Atlas

For MY 2012/13, post anticipates Japanese world imports of fresh mandarins will hold steady at 20,000 metric tons. Despite a good domestic crop, trade sources believe that imports of fresh mandarins will hold steady as the majority of foreign mandarins were imported towards the end of the Japanese citrus season. For instance, in 2012, 94 percent of the total imports of U.S. tangerines were imported between March and May. Hence, imported mandarins did not have to compete with domestic mandarins for shelf-space in retail stores.

Trade (Exports)

Japan: Exports of fresh mandarins

Marketing year: October-September / Quantity in metric tons

	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
World	**4,659**	**3,331**	**2,770**	**2,147**	**2,544**
United States	218	109	103	56	0
Market share:	*5%*	*3%*	*4%*	*3%*	*0%*
Canada	4,011	2,924	2,065	1,648	2,165
Hong Kong	163	130	252	200	127
Taiwan	187	90	170	137	130
Singapore	43	33	97	48	56
All other	37	45	83	58	66

Source: Global Trade Atlas

Japanese exports of tangerines are fairly small. In MY2011/12, Japan exported 2,544 metric tons of mikan mandarins to the world, valued at $4.4 million (FOB). The majority of Japanese exports, 2,165 metric tons were shipped to Canada. Only about 300 metric tons went to neighboring Asian countries.

Prices

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

Wholesale Prices	(Yen/KG)	Retail Prices	(Yen/KG)
2011		2011	
October	¥170	October	¥503
November	¥176	November	¥455
December	¥193	December	¥455
2012		2012	
January	¥207	January	¥546
February	¥239	February	¥593
March	¥262	March	¥678
April	….	April	….
May	….	May	….
June	….	June	….
July	….	July	….
August	….	August	….
September	283	September	¥822
Source: MAFF		*Source: MIC*	

** Wholesale prices are average wholesale prices at the major wholesale markets. (Seikabutsu Ryutsu Tokei)*
*** Retail prices are average retail prices in the Metro Tokyo area. Retail prices were lower this year due to "on-year."*

Policy

The Japan-Mexico Economic Partnership Agreement (EPA):

The Japan-Mexico EPA has been in effect since April 1, 2005. Under this EPA, Mexican mandarins were excluded from tariff reductions. Hence, imports of Mexican mandarins face Japan's WTO Most-Favored-Nation (MFN) tariff rate of 17 percent.

Import Duties:

Japan: Import Duties 2012

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

Source: Japan's Customs Tariff Schedules for 2012
** all duties are charged on a CIF basis*

Grapefruit

PS&D Table:

Grapefruit, Fresh Japan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	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	167	167	160	149		160
Total Supply	167	167	160	149		160
Exports	0	0	0	0		0
Fresh Dom. Consumption	167	167	160	149		160
For Processing	0	0	0	0		0
Total Distribution	167	167	160	149		160

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

Production

Japan does not produce grapefruit.

Consumption

According to the latest available data from the Ministry of Internal Affairs and Communications (MIC), in 2011, Japanese annual consumption of grapefruit decreased 3 percent to 2.45 kilograms per household. After increasing in 2010 to 260.6 yen or ($3.16) per kilogram, the 2011 average grapefruit price lowered to 240. 3 yen ($3.09) per kilogram, down roughly 8 percent.* Even if grapefruit prices continue to fall in the coming years, industry sources speculate that any possible increases in grapefruit consumption may be offset by Japanese consumers increasing preference towards sweeter citrus varieties.

**The exchange rate of 77.54 per dollar is based on the Nikkei News quote of November, 2011.*

Trade (Imports)

Japan: Imports of fresh grapefruit

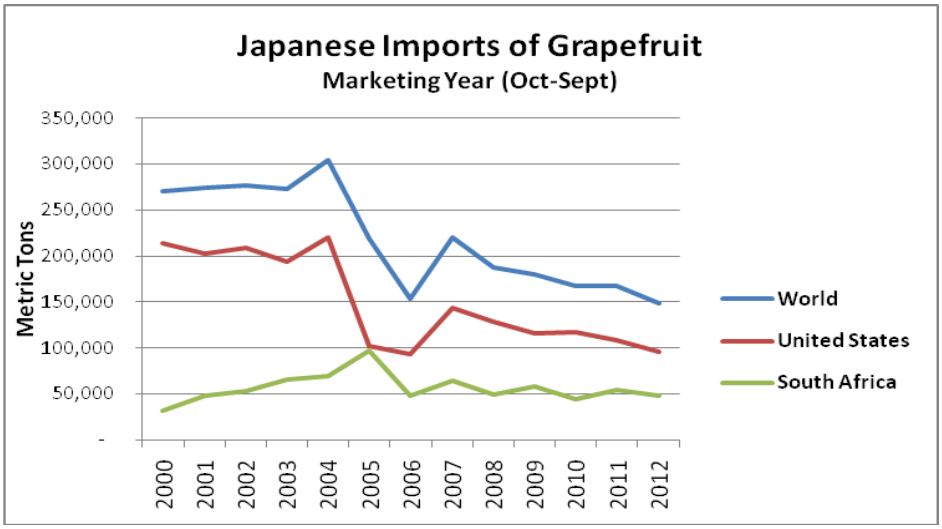
Marketing year: October-September / Quantity in metric tons

	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
World	**188,015**	**180,248**	**167,783**	**167,081**	**149,145**
United States	128,039	115,500	117,140	108,199	96,438
Market share:	68%	64%	70%	65%	65%
South Africa	49,842	57,778	44,612	53,793	47,748
Israel	5,392	3,727	3,824	3,492	2,850
Swaziland	4,501	3,240	2,206	888	0
Turkey	0	0	0	465	1,639
Mexico	0	0	0	93	42
Australia	0	3	0	90	386
All other	241	0	1	61	42

Source: Global Trade Atlas

After peaking in MY2004/05, Japanese total grapefruit imports continued its downward trend through MY2011/12. While the current strong yen is advantageous for importers, importer benefits have been slightly offset by increasing grapefruit CIF prices. The average CIF price for grapefruits has been increasing at about 3.5 percent annually since MY2006/07. Given shorter U.S. supplies to the Japanese market during MY2011/12, some of the importer costs were transferred to consumers in the form of higher retail prices pushing the more budget-conscious buyers away from purchasing grapefruit.

The United States is the largest supplier of fresh grapefruit to Japan, supplying approximately 65 percent of total Japanese imports. In MY2011/12, the United States supplied 96,438 metric tons of grapefruit, down approximately 11 percent from the previous year and valued at $114 million on a CIF basis. Grapefruits from Florida account for about 90 percent of U.S. grapefruit shipments to Japan. Consequently, shorter Florida grapefruit supplies during MY2011/12 pressed the volume of Japanese imports of U.S. grapefruit to its lowest level since MY2005/06. However, according to the Florida Department of Citrus, the new MY2012/13 crop is predicted to increase for the first time in six years, by 7.7 percent, and improve the availability of U.S. supplies to this market. Industry sources anticipate that in MY2012/13, Japanese imports of Florida grapefruit could rebound for the first time since MY2006/07 and increase slightly to 5.5 million cartons or 93,500 metric tons. Correspondingly, for MY2012/13 post expects overall level of Japanese imports of grapefruit will recover to previous years' levels to about 160,000 metric tons.



Source: Global Trade Atlas

South Africa is the second largest country exporting grapefruit to Japan, accounting for approximately 32 percent of Japanese total imports (including imports from Swaziland). In MY2011/12, Japanese imports of South African grapefruit decreased by 11 percent. Imports from South African fell to 47,648 metric tons and were valued at $47 million on a CIF basis. South African grapefruit is available in Japan between June and October, before the arrival of Florida grapefruit, and as such, does not compete directly with United States. Similar to the previous season, industry sources indicate that traders intend to maintain a similar level of grapefruit imports from South Africa to avoid oversupplying the Japanese market, as it happened during the summer of 2011. Post anticipates that in MY2012/13 Japanese imports of South African grapefruit to remain unchanged at roughly 3 million cartons or 47,000 metric tons.

California is also an important supplier of grapefruit to Japan, ensuring grapefruit supplies between the Florida grapefruit shipping season and the South African season. California usually ships "Star Ruby" grapefruit to Japan during the spring time and "Summer Ruby" grapefruit in the fall. In MY2011/12, Florida's shipping season ended about four weeks earlier than usual. As a result, shipments of "Star Ruby" to Japan increased slightly from the previous season to about 696,000 cartons (11,832 MT). Meanwhile, shipments of "Summer Ruby" fell from the previous season to 174,000 cartons (2,958 MT).

Additionally, the "Rio Star" (red/ruby) grapefruit variety from Texas accounts for the remainder of U.S. grapefruit shipped to Japan, and is marketed from October through February. Shipments of Rio Star to Japan are expected to remain steady in the coming year.
Following the removal of Japan's import ban on Turkish grapefruit in 2010, Turkey has been shipping grapefruits for the last two seasons. During MY2011/12, Japan imported 1,639 metric tons of grapefruits from Turkey, with a value of $1.6 million on a CIF basis. Despite the jump in imports from the previous year, trade sources expect it may take a few more years of trials to see whether Turkish

grapefruit suits the Japanese palate. Thus, in the near future, Post does not anticipate the volume of Japanese imports of Turkish grapefruit to reach the level of larger grapefruit suppliers.

Similarly, 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. During the second importing season, Japanese imports of Australian grapefruit quadrupled but volumes remain relatively small compared to other suppliers. Trade statistics suggest that Australia is not a major supplier of grapefruit when compared to other more active suppliers to this market. Post does not expect shipments of Australian grapefruit to have any near-term impact on the U.S. share of the Japanese grapefruit market.

Mexico has been shipping grapefruit to Japan since MY2010/11 taking advantage of the phased out duties under the Japan-Mexico Economic Partnership Agreement (see policy section). According to industry sources, Japan is still importing Mexican grapefruit on a sample basis and it may take several more trial seasons to see whether volumes will increase significantly. Industry sources indicate that the taste quality of Mexican grapefruit is good but the color is rather green, and the fruit often requires coloring before the produce hits the retail shelves. The coloring process reportedly adds to the cost of the product and reduces the product's shelf-life. Hence, despite the preferential tariff, Post does not anticipate any major increases in the volume of Mexican grapefruit to the Japanese grapefruit market at this time.

Prices:

Japan: Fresh Grapefruit Prices - Import, Wholesale, Retail

Import CIF Prices		**Wholesale Prices**		**Retail Prices**	
	(US $/KG)		*(Yen/KG)*		*(Yen/KG)*
2011		2011		2011	
October	$1.36	October	¥100	October	¥270
November	$1.29	November	¥116	November	¥283
December	$1.23	December	¥153	December	¥303
2012		2012		2012	
January	$1.21	January	¥151	January	¥294
February	$1.67	February	¥144	February	¥267
March	$1.14	March	¥145	March	¥276
April	$1.18	April	¥152	April	¥278
May	$1.13	May	¥151	May	¥277
June	$1.05	June	¥151	June	¥289
July	$0.96	July	¥147	July	¥280
August	$0.98	August	¥141	August	¥263
September	$0.95	September	¥139	September	¥271
Source: GTA		*Source: MAFF*		*Source: MIC*	

** Import prices are average import CIF prices.*

*** Wholesale prices are average wholesale prices at the major wholesale markets. (Seikabutsu Ryutsu Tokei)*

**** 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. On April 1, 2011 Japanese duties on Mexican grapefruit were fully eliminated. Tariff concessions under the Japan/Mexico EPA agreement can be found at the following website:
http://www.mofa.go.jp/region/latin/mexico/agreement/index.html

Import Duties:

Japan: Import Duties 2012

Tariff Code (HS)	Description	Duty Rate (%)*
0805.40-000	Fresh grapefruit	10%

Source: Customs Tariff Schedules of Japan 2012
** all duties are charged on a CIF basis*

Policy Issues Affecting U.S. Grapefruit Exports:

Findings of Lasiodiplodia Theobromae: In December 2012, a shipment of Florida Grapefruit was detained at port due to findings of Lasiodiplodia theobromae. This pathogen is listed in the Ministry of Agriculture, Forestry and Fisheries' (MAFF) quarantine pest list. Under MAFF policy, if the fruit in a lot presented for inspection shows easily identifiable symptoms of any pathogens on the list, MAFF has the discretion to order the segregation of the entire shipment. While MAFF policy has been in practice for over a decade, MAFF revised its quarantine pest list in 2011. MAFF's quarantine pest list can be accessed at the link below.
http://www.pps.go.jp/law_active/Notification/basis/5/245/html/245.html

Pesticide Residues: With regard to pesticide residue violations, no major trade disruptions were identified in U.S. grapefruit trade to Japan during MY2011/12.

Oranges

PS&D Table:

Oranges, Fresh	Japan	2010/2011	2011/2012	2012/2013

	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	450	599	380	576		560
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	5	5	4	5		5
Imports	120	120	120	127		127
Total Supply	125	125	124	132		132
Exports	0	0	0	0		0
Fresh Dom. Consumption	125	125	124	132		132
For Processing	0	0	0	0		0
Total Distribution	125	125	124	132		132

** 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 harvest area 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. F MY2012/13, Post estimates Japanese production of navel oranges will remain at the same level, roughly 5,000 metric tons, and in a slightly smaller area of approximately 560 hectares.

Consumption

Since 2007, when orange prices peaked and consumption dropped, Japanese orange consumption continues to show slight signs of recovery, climbing back to 2000/01 levels. According to the Ministry of Internal Affairs and Communications (MIC), in 2011, Japanese annual consumption of oranges increased slightly from 2010 to 2.03 kilograms per household. It is worth noting, that among the fresh produce consumption categories, orange consumption in Japan is one of the few categories that is going against the overall trend of declining consumption. Some trade sources remark that young Japanese mothers are shifting their preferences from sour grapefruits to sweeter citrus products for their children. Additionally, good crops in both the United States and Australia have been supplying the Japanese

market with higher quality and tasty oranges, further encouraging overall Japanese consumption of oranges. As consumer preferences shift towards sweeter citrus fruits, Post expects Japanese orange consumption will continue to recover in the coming years.

Trade (Imports)

Japan Imports of Fresh Oranges

Marketing year: October-September / Quantity in metric tons

	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
World	**98,700**	**95,950**	**103,611**	**119,652**	**126,887**
United States	74,912	66,358	77,303	81,360	96,683
Market share:	76%	69%	75%	68%	76%
Australia	12,618	18,314	17,771	28,822	24,970
South Africa	8,720	7,096	6,894	7,934	4,875
Chile	2,343	4,146	1,558	1,238	101
All other	107	36	85	298	258

Source: Global Trade Atlas

Since dipping in 2007, overall Japanese imports of oranges have been rebounding. In MY2011/12, Japanese imports of fresh oranges increased for the fourth consecutive season, to 126,887 metric tons, an increase of 6 percent from last year and the highest level of imports since 2003. Industry sources identify higher quality imports from major orange suppliers, and changes in consumer preferences as the major reasons for the continued recovery of the Japanese fresh orange market. The United States is the largest supplier of fresh oranges to Japan. Countries such as Australia and South Africa are also important players in this market. These other countries export oranges to Japan from July through November, when U.S. orange shipments are relatively low. For MY 2012/13, Post estimates that the level of Japanese imports of fresh oranges will remain steady at around 127,000 metric tons, similar to MY2011/12.

In MY2011/12, U.S. supplies of fresh oranges to Japan increased for the third consecutive year to 96,683 metric tons, a 19 percent increase from the previous season and the highest level since 2002. Japanese imports of U.S. fresh oranges were valued at approximately $116 million on a CIF basis. This season, Japanese traders anticipate good sales for California navel oranges. The new navel orange crop arrived in Japan in early November, and the trade volume is expected to increase during the gift giving season. California navel shipments will continue until June. Shipments of California Valencia oranges will likely start from February and end in October.

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 continue increasing along with California's growing production. Traders report that in 2011/12, Japanese Cara Cara imports were up 50 percent from last year to 12,000 cartons (based on a 17-kilogram carton) or 200 MT. The popularity of Cara Cara oranges is increasing among Japanese consumers who prefer sweeter orange varieties,

making it an up-and-coming product in Japan. As Cara Cara oranges are packed in a 9-kilogram box, this variety often sells for twice the price of navel oranges. However, sources expect prices on Cara Cara to decrease as the volume of Cara Cara imports continue to increase. In MY2011/12, Japanese imports of Moro oranges recovered by 28 percent from the previous season to 3,750 cartons (based on a 17-kilogram carton) or about 63.5 MT. Despite this increase, supply constraints are expected to limit prospects to limit prospects for major increases in Moro oranges imports.

Following record imports in MY2010/11, Japanese imports of Australian oranges fell 13 percent to 24,970 metric tons in MY2011/12. Nonetheless, the volume of Australian imports, valued at $32 million on a CIF basis, remained well above average for a second consecutive season. Australian grower associations have reportedly been actively promoting sales of Australian oranges in Japan. Australian oranges enjoy a good reputation among Japanese traders, and different than other imported oranges, are usually sold in high-end shops at higher prices. In MY2011/12, the average Japanese CIF price for Australian oranges was $1.29 per kilogram, approximately 5 percent lower than the previous season's CIF price of $1.36 per kilogram. Even with these temporary reductions, average CIF prices for Australian oranges remained 7 percent higher than U.S. orange CIF prices. As a result, Japanese traders expect imports of Australian oranges to slow slightly further in MY2012/13.

Supplies of South African oranges to Japan continue to decline. Despite rebounding slightly the previous season, in MY2011/12 Japanese imports of South African oranges dropped by 39 percent to 4,875 metric tons. This was the lowest level of South African orange imports since 1995. The average CIF price for South African oranges was approximately 12 percent cheaper compared to the previous year. Traditionally, South African orange CIF prices are significantly lower than CIF prices of U.S. and Australian oranges. However, Japan is still a small market for South African oranges. They are typically shipped to Japan along with large quantities of South African grapefruit shipments. Consequently, as South African grapefruit shipments to Japan fell in MY2011/12 so did imports of South African oranges.

Similarly, in MY2011/12, Japanese imports of Chilean oranges plummeted to their lowest level in 14 years. Japanese traders report that the quality and taste of Chilean oranges do appear not to be well suited for the Japanese consumer taste.

Prices:

Japan: Fresh Orange Prices - Import, Wholesale, Retail

Import CIF Prices		**Wholesale Prices**		**Retail Prices**	
	(US $/KG)		*(Yen/KG)*		*(Yen/KG)*
2011		2011		2011	
October	$1.21	October	¥154	October	¥371
November	$1.20	November	¥160	November	¥369
December	$1.34	December	¥184	December	¥385

2012	
January	$1.22
February	$1.11
March	$1.13
April	$1.21
May	$1.27
June	$1.24
July	$1.27
August	$1.23
September	$1.14

Source: GTA

2012	
January	¥187
February	¥174
March	¥172
April	¥175
May	¥181
June	¥179
July	¥170
August	¥157
September	¥152

Source: MAFF

2012	
January	¥381
February	¥376
March	¥357
April	¥382
May	¥371
June	¥347
July	¥373
August	¥350
September	¥354

Source: MIC

** Import prices are average import CIF prices.*

*** Wholesale prices are average wholesale prices at the major wholesale markets. (Seikabutsu Ryutsu Tokei)*

**** 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 MY2011/12, Japan and Mexico renegotiated tariff concessions granted under the EPA. In the case of Mexican oranges, Japan increased the in-quota volume and extended tariff reductions to Mexico's seasonal preferential tariff-quota. Since April 2012, in-quota imports of Mexican oranges (up to 4,100 metric tons) enjoy a tariff of 7.4 percent when shipped from June 1 -November 30, and a tariff of 14.8 percent if shipped during December 1 – May 31. In-quota tariffs are scheduled to lower gradually until 2016 to 5.0 percent and 10 percent, respectively. Out-of-quota imports of Mexican oranges face Japan's WTO Most-Favored-Nation (MFN) tariff rate. In MY2011/12, there were no Japanese imports of Mexican fresh oranges. The majority of Mexican orange exports are traditionally shipped to nearby markets. The Japan-Mexico EPA agreement can be found at the following website:
http://www.mofa.go.jp/region/latin/mexico/agreement/index.html

Import Duties:

Japan: Import Duties 2012

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 Scedules of Japan 2012

** all duties are charged on a CIF basis*

Policy Issues Affecting U.S. Orange Exports:

With regard to pesticide residue violations or plant quarantine issues, no major trade disruptions were identified in U.S. orange trade to Japan in MY2011/12.

Orange Juice

PS&D Table (Orange Juice)

Orange Juice Japan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	0	0	0			
Beginning Stocks	2,000	2,000	14,000	14,000		20,000
Production	0	0	0			
Imports	87,141	87,141	75,000	81,550		75,000
Total Supply	89,141	89,141	89,000	95,550		95,000
Exports	0	0	0			

Domestic Consumption	75,141	75,141	76,000	75,550		76,000
Ending Stocks	14,000	14,000	13,000	20,000		19,000
Total Distribution	89,141	89,141	89,000	95,550		95,000

** 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 4,500 metric tons annually), the majority of which are sold fresh.

Consumption

According to the latest data available from the Ministry of Internal Affairs and Communications (MIC), the 2011 Japanese household expenditures on fruit/vegetable juice decreased marginally to 8,465 yen ($109) from last year. While Japanese beverage production increased approximately 6 percent in 2011, the manufacturing of 100-percent orange juice beverages decreased 2 percent from the previous year. Industry sources remark that higher prices on Frozen Concentrated Orange Juice (FCOJ) are increasing the cost of manufacturing 100-percent orange juice compared to other juice-containing beverages, and hence discouraging FCOJ demand. They also state that Japanese preferences towards vegetable juices, particularly tomato juice, as well as, "zero-calories" and "no sugar" drinks have been increasing in recent. Correspondingly, Post does not expect any major increases in Japanese consumption of orange juice in the near term.

Trade (Imports)

Japan: Imports of orange juice

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

	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
World	**68,726**	**75,347**	**64,198**	**87,141**	**81,550**
United States	2,600	2,776	2,810	1,579	485
Market share:	*4%*	*4%*	*4%*	*2%*	*1%*
Brazil	59,377	61,290	52,412	73,716	70,376
Mexico	3,082	5,821	4,774	4,635	3,807
Belize	492	1,561	1,843	3,438	2,562
Israel	1,324	1,767	846	1,673	1,838

Italy	682	908	456	653	612
Costa Rica	79	41	138	432	827
Spain	212	326	357	341	483
Australia	514	272	246	246	212
All other	364	585	316	428	348

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 MY2011/12, Japanese total imports of orange juice decreased 6 percent from the previous season to 81,550 metric tons on a 65 Brix equivalent. Traditionally, Brazil has been the largest supplier of orange juice to Japan, supplying over 80 percent of Japan's total imports. In MY2011/12, Japanese imports of Brazilian orange juice dropped 4 percent from the previous season but remained above average at 70,376 metric tons. A large amount of Frozen Concentrated Orange Juice (FCOJ) is shipped to Japan from Brazil via chartered vessel (a tanker) on an irregular basis. Hence, one charter vessel shipment can increase Japanese imports of FCOJ by as much as 10,000 to 13,000 metric tons.

In MY 2011/12, Japanese imports of U.S. orange juice tumbled by 69 percent to 485 metric tons on a 65 Brix equivalent, the lowest level on record. Correspondingly, the U.S. share of the Japanese orange juice market decreased to 1 percent. As Japanese traders were able to increase orange juice imports from other suppliers, demand for 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 high compared to prices of orange juice from other suppliers.

In MY 2011/12, Japanese import of Mexican FCOJ slowed for the third consecutive year to 3,807 metric tons on a 65 Brix equivalent, an 18 percent decrease from the previous season. Nonetheless, Japanese imports of Mexican orange juice have doubled since the implementation of the Mexico-Japan Economic Partnership Agreement (EPA) in 2005. Under the EPA, Mexico continues to have a great advantage over other FCOJ suppliers shipping to Japan. For example in 2012, imports of FCOJ from Mexico (up to 6,360 metric tons) faced a duty of 11.4 percent, while imports of FCOJ from other sources, including the United States, faced Japan's WTO Most-Favored-Nation (MFN) duty rate of 25.5 percent (see policy section.)

High world orange juice prices are expected to continue due to low Brazilian FCOJ stocks, and increasing demand from developing Asian countries and Russia. As a result, for MY2012/13, Post forecasts Japanese world imports of orange juice will return to MY2008/09 levels of 75,000 metric tons on a 65 Brix equivalent.

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 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
United States	3.02	2.36	1.91	2.76	3.56
Brazil	2.10	1.83	1.63	2.52	2.75
Mexico	2.62	1.96	1.76	2.78	2.98

Source: Global Trade Atlas

In MY 2011/12, Japanese CIF prices for FCOJ increased approximately 69 to 86 percent from the previous season. Industry sources report that the CIF price hike was due largely to the world's low FCOJ stocks, resulting from shorter supplies from the United States and Brazil. Japanese wholesale prices for FCOJ were marginally up from previous year due to higher import prices. The current FCOJ wholesale prices are around 350-500 yen ($4.51-$6.44) per kilogram.* Japanese beverage manufacturers speculate that higher wholesale prices will further discourage production of 100-percent orange juice drinks as the manufacturing of mixed-juice products becomes more profitable.

** The exchange rate of 79.49 yen per dollar is based on the Nikkei News quote for November, 2011.*

Policy

Japan-Mexico Economic Partnership Agreement (EPA):

The Japan/Mexico EPA has been in effect since April 2005. Under this agreement, various agricultural products, including orange juice, enter Japan at a reduced import duty. Regarding orange juice specifically, Japan granted Mexico preferential tariff-quotas on all orange juice 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. In MY2011/12, Japan and Mexico renegotiated tariff concessions granted under the EPA. Since then, Japan extended the quota provisions and accelerated tariff reductions for Mexican orange juice. Hence, as of April 2012, in-quota imports of Mexican FCOJ (up to 6,360 metric tons) enjoy a tariff rate of 11.4 percent. Out-of-quota imports of Mexican orange juice face Japan's WTO Most-Favored-Nation (MFN) rate of 25.5 percent. The quota is scheduled to expand annually until 2016 to 7,000 metric tons. For single-strength orange juice, in-quota imports (up to 2,200 metric tons on a 65 Brix equivalent) face a tariff of 9.5 percent. Out-of-quota imports of Mexican single strength orange juice face Japan's MFN rate of 21.3 percent. This quota will expand annually until 2016 to 5,000 metric tons and the in-quota tariff will lower to 5.3 percent. Since the EPA's implementation, imports of Mexican orange juice have not exceeded the quota level. Tariff concessions under the Japan-Mexico EPA agreement can be found at the following website:
http://www.mofa.go.jp/region/latin/mexico/agreement/index.html

Import Duties (Orange Juice):

Japan: Import Duties 2012

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 2012

** all duties are charged on a CIF basis*

Lemons

PS&D table:

Lemons/Limes, Fresh Japan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0			
Area Harvested	510	477	540	487		492
Bearing Trees	0	0	0			
Non-Bearing Trees	0	0	0			
Total No. Of Trees	0	0	0	0		0
Production	7	10	8	13		15
Imports	57	57	50	55		55
Total Supply	64	67	58	68		70
Exports	0	0	0			
Fresh Dom. Consumption	62	64	56	65		66
For Processing	2	3	2	3		4
Total Distribution	64	67	58	68		70

** Area measured in hectares*

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

Production

Unlike 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. Post estimates that in MY2012/13 the Japanese lemon harvest area will increase slightly to 492 hectares.

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 and reach another record at 15,000 metric tons in MY2012/13. Between 2001 and 2006, Japanese lemon production held steady at an average 4,555 metric tons. Since then and despite some slower years, domestic production continues to increase annually.

Consumption

As fresh lemons are largely consumed by the food service sector as garnish, overall Japanese consumption of lemons remains relatively stable. While Japanese hotels and restaurants have been trying to cut costs by reducing the purchasing volume of their food inputs, this has not impacted fresh lemons purchases as these are considered essential food ingredients. Per-household consumption data for lemons is not available.

The market share for domestic lemons is expected to increase marginally from the previous season to 19 percent, the highest level so far. Seeking to increase sales, recently domestic lemon producers have been aggressively targeting more cautious-consumers by advertising their produce as free from food additives. The Japanese Government classifies agrochemicals used post harvest as food additives. In addition, treated produce must bear a label listing the agrochemicals used at the point of sale. While other citrus imports are also treated and labeled, the label is unlikely to be a deterrent to sales. However, lemon skin is often eaten, and hence consumers may grow more cautious about purchasing imported lemons as a result of this advertising campaign.

Trade (Imports)

Japan: Imports of fresh lemon

Marketing year: October-September / Quantity in metric tons

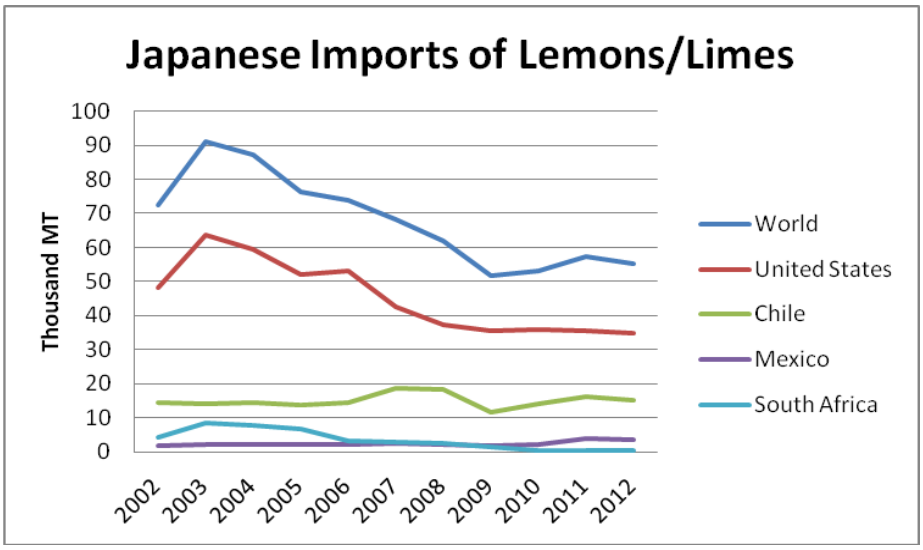
	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
World	**61,887**	**51,671**	**53,129**	**57,303**	**55,076**
United States	37,439	35,613	35,917	35,634	34,854
Market share:	*60%*	*69%*	*68%*	*62%*	*63%*
Chile	18,359	11,649	13,981	16,216	15,295
Mexico*	2,076	1,911	1,984	4,036	3,583
New Zealand	1,196	858	711	1,024	767
South Africa	2,591	1,335	424	393	506
Australia	176	293	113	0	68
All other	50	12	0	0	3

Source: Global Trade Atlas

**:Mexico includes both lemons and limes*

Consistent with the increase in domestic supplies and steady consumption, in MY2011/12 Japanese world imports of lemons dropped 4 percent from the previous season to 55,076 metric tons. For

MY2012/13 Post expects the domestic situation to continue and estimates total Japanese imports of fresh lemons to hold steady at 55,000 metric tons.



The United States supplies fresh lemons to the Japanese market all year round, providing on average 66 percent of Japan's total imports. In MY2011/12, imports of U.S. lemons were 34,854 metric tons, slightly less than the previous year and valued at $52 million on a CIF basis. Among Japanese traders, U.S. fresh lemons enjoy a good reputation and are considered a high quality fruit. Post anticipates U.S. lemon sales to Japan to continue at last season's level.

Chile plays a major role in the Japanese summer fresh lemon market, supplying 28 percent of Japan's total fresh lemon imports. Chile's new lemon crop comes to Japan from June through October. Traders reportedly favor Chilean lemons because of the lower price and longer shelf-life. Therefore, lemon shipments from the U.S. slow during the summer months. In MY2011/12, Chilean lemon supplies to Japan, valued at $16 million on a CIF basis, slowed by 6 percent to 15,295 metric tons but remained within average.

In MY 2011/12, Japanese imports of Mexican lemons (HS code 080550, fresh lemons and limes combined) decreased 11 percent from the previous season's record to 3,583 metric tons. Until MY2009/10, Mexican supplies under HS code 080550 consisted primarily of fresh limes. However, industry sources report that, following the purchase of lemon groves in Mexico by an American company during MY2010/11, Mexico began supplying fresh lemons to the Japanese market (about 1,565 metric tons in MY2011/12, compared to 2,199 metric tons in the previous season). Japanese traders report that the quality of Mexican lemons is fairly good. Quality-wise, Japanese buyers indicate that it is difficult to differentiate between Mexican and Californian lemons. Given the competitiveness of Mexican lemon prices, Post anticipates shipments of Mexican lemons to Japan will continue and likely expand. Meanwhile, imports of Mexican fresh limes recovered to 2,018 metric tons from the previous season.

Prices:

Japan: Fresh Lemon Prices - Import, Wholesale, Retail

Import CIF Prices		Wholesale Prices		Retail Prices	
	(US $/KG)		*(Yen/KG)*		*(Yen/KG)*
2011		2011		2011	
October	$1.26	October	¥162	October	¥540
November	$1.45	November	¥163	November	¥550
December	$1.48	December	¥182	December	¥514
2012		2012		2012	
January	$1.52	January	¥189	January	¥521
February	$1.44	February	¥179	February	¥535
March	$1.25	March	¥168	March	¥522
April	$1.28	April	¥169	April	¥505
May	$1.58	May	¥206	May	¥493
June	$1.64	June	¥215	June	¥486
July	$1.24	July	¥203	July	¥512
August	$1.13	August	¥191	August	¥546
September	$1.12	September	¥174	September	¥533
Source: GTA		*Source: MAFF*		*Source: MIC*	

** Import prices are average import CIF prices. (HS0805.50-010)*

*** Wholesale prices are average wholesale prices at the major wholesale markets. (Seikabutsu Ryutsu Tokei)*

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

Policy

As for pesticide residue violations and plant quarantine issues, during this reporting period no major trade disruptions were identified in U.S. lemon trade to Japan.

Import Duties:

Japan: Import Duties 2012

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

Source: Customs Tariff Schedules of Japan 2012

** all duties are charged on a CIF basis*