Required Report: Required - Public Distribution **Date:** August 12, 2021

Report Number: JA2021-0114

Report Name: Stone Fruit Annual

Country: Japan

Post: Tokyo

Report Category: Stone Fruit

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Report Highlights:

Japan's fresh cherry production in 2021/22 marketing year (MY) is estimated to fall to 13,000 metric tons due to severe frost damage in the largest domestic cherry-producing region. FAS/Tokyo forecasts that poor domestic production will lead to increased U.S. cherry imports in 2021/22 MY. For peaches and nectarines, FAS/Tokyo forecasts a slight recovery in Japanese production in 2021/22 MY over poor MY 2020/21 production levels.

Cherries

Cherries (Sweet&Sour), Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Apr 2019		Apr 2020		Apr 2021	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	4730	0	4700	0	0	0
Area Harvested (HA)	4320	4320	4300	4315	0	4310
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total Trees (1000 TREES)	0	0	0	0	0	0
Commercial Production (MT)	14400	14400	15000	15000	0	11500
Non-Comm. Production (MT)	1700	1700	2000	2000	0	1500
Production (MT)	16100	16100	17000	17000	0	13000
Imports (MT)	4200	4152	5000	4271	0	5800
Total Supply (MT)	20300	20252	22000	21271	0	18800
Domestic Consumption (MT)	20300	20252	22000	21271	0	18800
Exports (MT)	0	0	0	0	0	0
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	20300	20252	22000	21271	0	18800
(HA) ,(1000 TREES) ,(MT)						

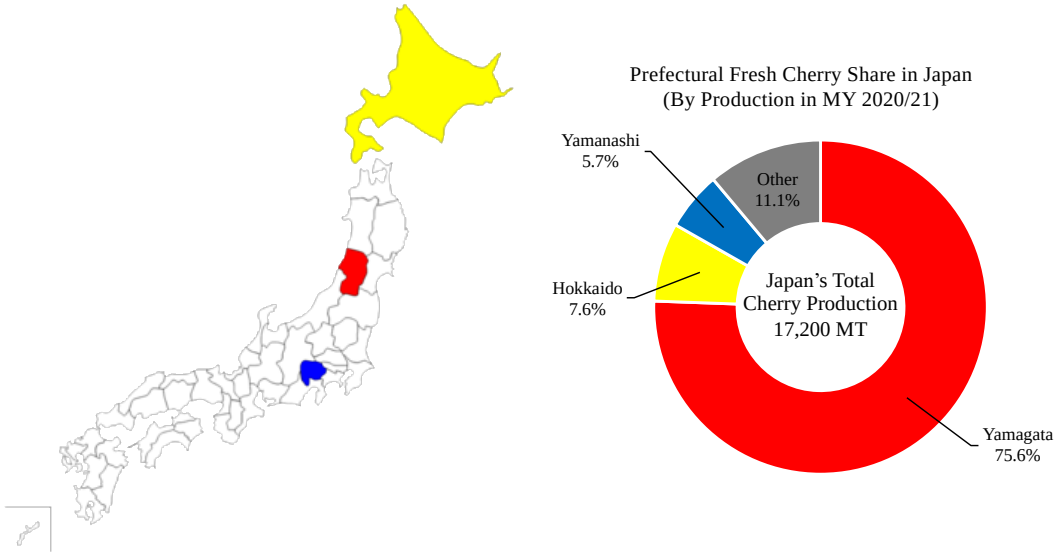
Note: Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) no longer provides information to estimate "area planted". Accordingly, FAS/Tokyo no longer projects "area planted." MAFF publishes data on total domestic production and commercial distribution.

Crop Area and Production

Yamagata prefecture, located 250 miles north of Tokyo, produces approximately 76 percent of Japan's fresh cherries, followed by Hokkaido and Yamanashi prefectures (Figure 1). According to the 2021 online summary of the "Yamagata and Japan's Cherry Production, Distribution etc." published by Yamagata prefecture's Agriculture, Forestry and Fisheries division, the number of cherry farms in Yamagata is continuously declining (Figure 2). The trend reflects a country-wide agricultural challenge of a lack of farm successors and labor. In response to this trend, there is increasing consolidation of cherry orchards so the average acreage per farm is increasing (Figure 2) and partially buoys production levels. In the 2020/21 marketing year (MY: April – March), harvested area for fresh cherries in Japan fell slightly to 4,315 hectares (ha) compared to 4,320 ha in 2019/20 MY. FAS/Tokyo forecasts this trend to continue in the 2021/22 MY with harvested area expected to reach 4,310 ha.

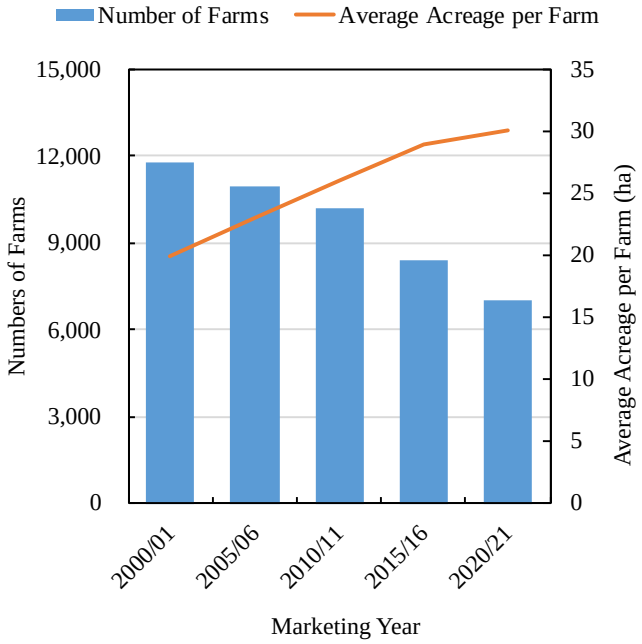
Japan does not produce sour cherries on a commercial basis.

Figure 1. Japan's Major Cherry-Crowing Areas by Prefecture in MY 2020/21



Source: Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF)

Figure 2. Number and Average Orchard Size of Cherry Farms in Yamagata Prefecture



Source: Yamagata prefecture's Agriculture, Forestry and Fisheries division

There are three major domestic varieties of sweet cherries produced in Japan: *Satonishiki* (approximately 75 percent), *Beni-shuhou* (approximately 16 percent), and *Beni-sayaka* (approximately 5 percent). All three are yellow-flesh varieties. Among these three, *Satonishki* has the best recognition and reputation among Japanese consumers. However, it presents challenges during harvest and transport, and the cultivation of only this specific variety increases labor demand during the peak harvest

season in mid- and late June. Also, *Satonishiki* cherries bruise easily during transport. On the other hand, the *Beni-shuhou* cherries, which appeared on the market about a decade ago, are a late maturing variety with a harder skin and a larger fruit size compared to *Satinishiki* (Figure 3). The features of *Beni-shuhou* cherries are also well-suited for export. In reflection of Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) goal to expand agricultural exports (for details see 2021 GAIN report titled "Japan Releases Details on Agricultural Export Expansion Plan"), *Beni-shuhou* acreage and production have been replacing *Satonishiki* acreage. The third most common cherry variety, *Beni-sayaka*, an early maturing variety, has some commercial distribution, but is primarily produced to provide pollen for both *Satonishiki* and *Beni-shuhou* cherries. Therefore, as long as *Satonishiki* and *Beni-shuhou* total production remains steady, *Beni-sayaka* production will stay near its current level.

Figure 3. Physical differences between *Beni-shuhou* (on the left) and *Satonishiki* (on the right) cherry varieties.

Source: Gourmet-note (gourmet-note.jp)

In 2020/21 MY, low precipitation in May coupled with unusually high temperatures in June prevented the enlargement of cherry fruits and resulted in fresh cherry production below the 5-year average of 18,240 metric tons (MT). Nevertheless, Japan's MY 2020/21 cherry production was 5.6 percent higher than MY 2019/20 production.

In 2021/22 MY, northern Japan, including Yamagata prefecture, experienced atypical freezing temperatures in April, the period between cherry budding and flowering. Media sources report the resulting frost damage in Yamagata in 2021 was comparable to or even worse than the historically worst frost damage in 1994, when Yamagata cherry production dropped to only 8,570 MT. According to local sources, Yamagata production in MY 2021/22 is estimated to fall to 9,500 MT or 30 percent below Yamagata prefecture's 5-year cherry average production of 13,500 MT. FAS/Tokyo forecasts Japan's total MY 2021/22 fresh cherry production to decrease by 24.4 percent to 13,000 MT.

Consumption

Fresh sweet cherries are available to consumers in the following ways: (i) retail through wholesalers (30-50 percent[1]), (ii) fruit-picking directly by consumers (30-50 percent), (iii) e-commerce (5-15 percent), and (iv) gifts of premium cherries (5-15 percent). Prior to the COVID-19 pandemic, there were three most common outlets for Japanese premium cherries: (i) gifts[2], (ii) *Furusato-Nozei*[3], and (iii) high-end restaurants. Since April 2020 and as of the writing of this report (August 2021), restaurants in Japan have been subjected to various restrictions on business hours by the government of Japan in an effort to slow down the spread of the coronavirus. Consequently, premium fresh cherry consumption at high-end restaurants has decreased in MY 2020/21 and MY 2021/22.

The distribution channels for regular cherries have also been impacted by the COVID-19 pandemic. Due to restrictions on travel, cherry orchards largely had to forgo fruit-picking by consumers in MY 2020/21 and MY 2021/22. Correspondingly, there has been increased distribution via wholesalers and direct marketing. The majority of fresh cherries are consumed through retail chains, especially supermarkets and hypermarkets, but e-commerce and other direct marketing approaches are making gains in the cherry market.

Japanese retailers tend to place fruits near store entrances to attract customers. Fresh cherries are typically the first seasonal fruit to appear after the March-May period of no seasonal fruits. Therefore, retailers tend to reserve a relatively large shelf space for cherries. Due to the MY 2021/22 frost damage and the resulting reduction in domestic cherry production, Japanese retailers could not fill the promotional shelf space set aside for the domestic fresh cherry. To fill the resulting empty shelf spaces, retailers placed imported U.S. cherries, as well as kiwis and bananas available year-round, at the front of their stores.

Despite increased cherry imports offsetting some losses in domestic production in MY 2021/22, FAS/Japan forecasts Japan's fresh cherry consumption to decrease by 11.6 percent to 18,800 MT.

Trade

FAS/Tokyo projects Japan's MY 2021/22 cherry imports to increase by 35 percent over MY 2020/21 to 5,800 MT. The United States is the leading country exporting fresh cherries to Japan with approximately a 92 percent import share (Table 1). In MY 2020/21, U.S. cherry exports to Japan

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[1] No official data on the proportion of cherries distributed through each channel is available. FAS/Tokyo's estimates are based on information shared by local growers, producers, distributors, as well as growers' associations and wholesalers.
[2] There is a cultural tradition of sending fruits as gifts to express appreciation to relatives and other contacts twice a year. The summer gifting season lasts between late June to early August, and premium fresh cherries are commonly sent as gifts.
[3] *Furusato-Nozei* (or "Hometown tax" in Japanese) was initially introduced in 2007. Under this system, taxpayers can make donations to local municipalities and gain income and residence tax credits in return. Local municipalities also send local produce to donors as "appreciation gifts". To attract *Furusato-Nozei* donations to cherry-producing regions, premium fresh cherries are a common gift for donors.

benefitted from increased household consumption during the May-July export window as Japan began its COVID-19 response (e.g., first State of Emergency followed by a general reluctance to eat out).

Table 1. Japan's Fresh Cherry Imports by Country

	Quantity (MT)				
Country/Year	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
World	4,642	5,238	3,285	4,152	4,271
United States	4,562	5,157	3,174	3,958	3,931
Chile	34	23	37	59	156
Canada	0	0	1	36	96
New Zealand	16	26	45	62	47
Australia	29	33	28	39	42

Source: Ministry of Finance

Japan exports a negligible volume (1 MT) of fresh cherries, mainly premium and primarily to Hong Kong and Taiwan. Despite MAFF's efforts to promote agricultural exports, including fresh cherries, declining domestic production coupled with a steady domestic demand has limited export opportunities. FAS/Tokyo forecasts Japan's fresh cherry exports to remain at 1 MT in 2021/22 MY.

Policy

Since its January 1, 2020 implementation, the U.S.-Japan Trade Agreement (USJTA) has provided a stepwise tariff reduction for U.S. sweet cherries exported to Japan. In 2021/22 MY, Japan's tariff on sweet cherries (HS 0809.29.000) is 1.7 percent. The tariff will drop to 0.8 percent in 2022/23 MY and will be eliminated on April 1, 2023 (for details, please see USJTA Treatment for Fresh Fruit).

Japan requires an annual on-site audit as a condition for U.S. cherry market access to Japan. Due to COVID-19-related travel restrictions, Japan temporarily permitted the USDA Animal and Plant Health Inspection Service (APHIS) to take over on-site audits and MAFF increased on-arrival phytosanitary inspections by 50 percent (2020 GAIN report titled "Japan temporarily increases phytosanitary inspections of select U.S. products"). This measure will remain in place until MAFF can resume on-site audits.

Peaches and Nectarines:

Peaches & Nectarines, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	10400	0	10250	0	0	0
Area Harvested (HA)	9540	9540	9300	9445	0	9400
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total Trees (1000 TREES)	0	0	0	0	0	0
Commercial Production (MT)	99500	99500	88700	92800	0	93770
Non-Comm. Production (MT)	8400	8400	9000	7600	0	7700
Production (MT)	107900	107900	97700	100400	0	101470
Imports (MT)	200	186	200	280	0	350
Total Supply (MT)	108100	108086	97900	100680	0	101820
Domestic Consumption (MT)	106300	106306	96400	99081	0	99820
Exports (MT)	1800	1780	1500	1599	0	2000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	108100	108086	97900	100680	0	101820
(HA) ,(1000 TREES) ,(MT)						

Note: MAFF no longer provides information to estimate “area planted”. Accordingly, FAS/Tokyo no longer projects “area planted.” MAFF publishes data on total domestic production and commercial distribution.

Crop Area

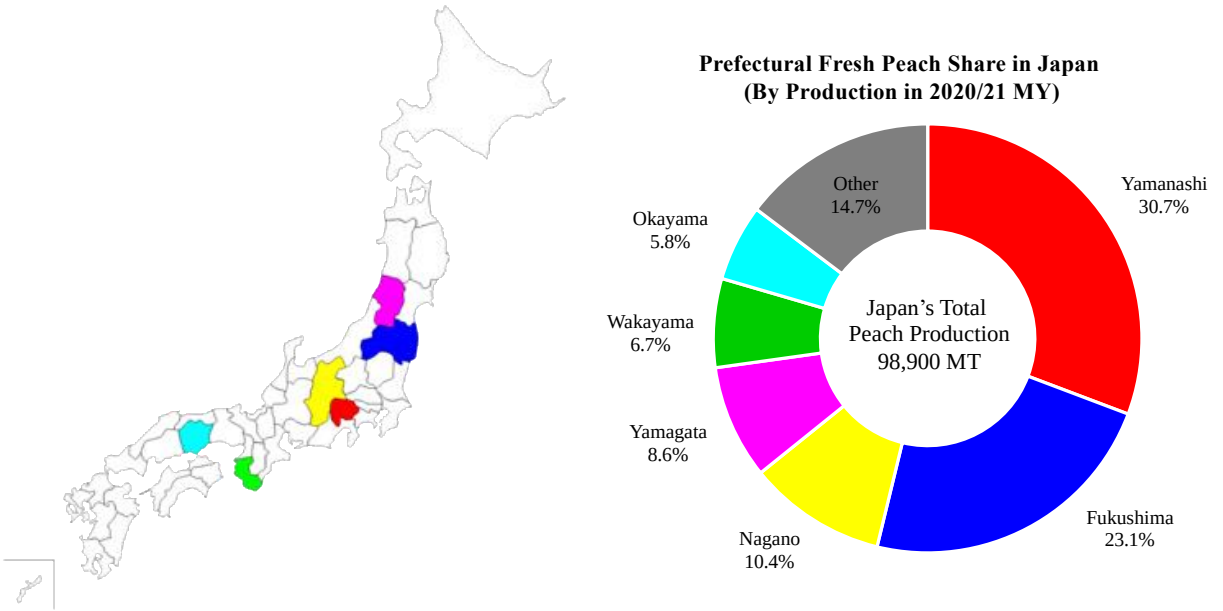
Fresh peaches are grown across Japan, yet three prefectures account for approximately two thirds of Japan’s peach production: Yamanashi (31 percent), Fukushima (23 percent), and Nagano (10 percent). MAFF reports MY 2020/21 area harvested for peaches and nectarines was 9,445 ha, of which 9,290 ha was for peach production and 155 ha for nectarine production. The 9,445 ha reflects a drop from MY 2019/20 due to the continuous lack of farmer successors and the destruction wrought on peach trees by a September 2019 typhoon, especially in the Fukushima prefecture.

FAS/Tokyo forecasts Japan’s total area harvested for peaches and nectarines to continue the gradual downward trend in 2021/22 MY to 9,400 ha, a total of 9,250 ha for peaches and 150 ha for nectarines.

Production

Weather plays a key role in the production of fresh peaches in Japan. In MY 2020/21, low-temperature in mid-April reduced fruit numbers in Fukushima. Moreover, long rain and a lack of sunshine in July increased the frequency of bacterial shot hole in Fukushima and Nagano prefectures. The rainy and overcast weather also caused fruit softening, which complicated transport and reduced sweetness. As a result, MY 2020/21 fresh peach production in Japan fell to 98,900 MT, the first time that domestic peach production volume dipped below 100,000 MT.

Figure 4. Japan's Major Cherry Crowing Areas by Prefecture in MY 2020/21



Source: Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF)

In 2021/22 MY, low temperatures in April negatively impacted eastern peach-producing areas, especially Fukushima. Although favorable weather conditions in other producing areas in June and July should partially offset the April frost damage in Fukushima, wholesalers and distributers anticipate the offset will be insufficient. As a result, FAS/Tokyo forecasts Japan's total fresh peach production will slightly increase back to 100,000 MT in MY 2021/22.

The annual production of nectarines is also on the decline as areas planted and harvested decrease. FAS/Tokyo projects Japan's nectarine production in 2021/22 MY at 1,470 MT or two percent down from 2020/21 MY.

FAS/Tokyo forecasts Japan's total production of peaches and nectarines in 2021/22 MY to be 101,470 MT, up 1 percent compared to 2020/21 MY.

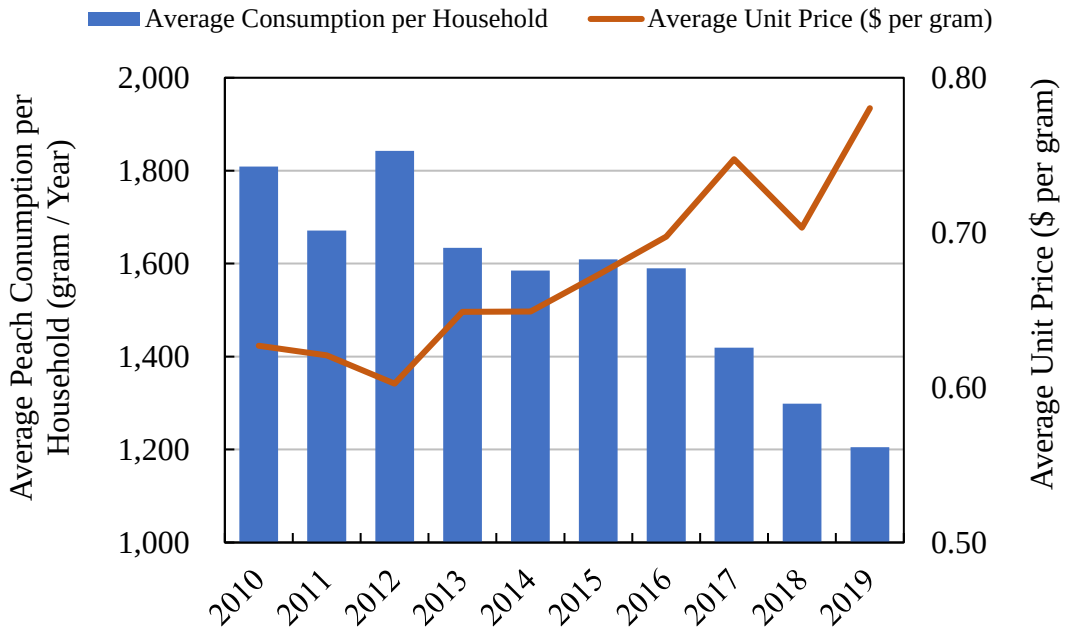
Consumption

According to MAFF, approximately ninety percent of peaches and nectarines are consumed fresh and mostly at home, and the remainder goes to processing. Japan's fresh peach season begins in late June and runs until early September with peak consumption in July and August. Prior to the COVID-19 pandemic, retailers frequently held in-store demonstrations and promotions during the peach and nectarine[4] season. Since MY 2020/21, retailers have restricted interactive food promotions due to COVID-19.

[4] Japanese consumers are still frequently unfamiliar with nectarines, so sales promotions are key to creating demand.

Despite the lack of active sales promotions for peaches and nectarines, poor domestic production coupled with the increased household consumption during the COVID-19 conditions prevented a price collapse or inventory buildup. Nevertheless, peach and nectarine consumption is on a downward trend as younger Japanese consumers cut down their fruit intake according to industry sources. Fresh fruit, including peaches and nectarines, have steadily increased in price (Figure 5), and consumers tend not to spend their disposable income on fruit, which falls outside of the traditional Japanese diet.

Figure 5. Average Household Consumption and Unit Price of Peaches in Japan



Source: Statistics Bureau of Japan
Note: 2019 data is the latest data available. Currency is converted at the rate of $1 = 110 Japanese yen

FAS/Tokyo estimates Japan's MY 2020/21 peach and nectarine consumption at 100,680 MT, a 7 percent drop from the 2019/20 MY levels.

Due to the slight recovery in peach production in MY 2021/22 compared to MY 2020/21, FAS/Tokyo forecasts Japan's fresh peach consumption will increase 1 percent to 100,000 MT. With 1,470 MT of domestic nectarines and 350 MT of imported nectarines, FAS/Tokyo expects Japan's total consumption of peaches and nectarines to rise 1.1 percent to 101,820 MT in 2021/22 MY.

Trade

In 2020, Japan set a goal to export 1.4 trillion yen (approximately $12.7 billion) of fresh produce, including peaches, by 2030 (for details see 2021 GAIN report titled "Japan Releases Details on

Agricultural Export Expansion Plan"). Japanese peach growers are eager to expand to markets outside of Japan amidst declining domestic consumption and high prices in target overseas markets. FAS/Tokyo forecasts a 25 percent increase in exports over MY 2020/21 to 2,000 MT in MY 2021/22 as domestic production recovers.

The United States currently does not have fresh peach access to Japan. Although Japan has granted market access for fresh peaches to 29 other countries, there have been negligible volumes (less than 1 MT) of fresh peach imports for at least a decade. Only the United States has exported nectarines to Japan in recent years (Table 2). Poor domestic peach production in 2020/21 MY prompted retail stores to consider nectarines as an alternative to peaches. Correspondingly, Japan's nectarine imports increased to 280 MT in 2020/21 MY or by 51 percent compared to MY 2019/20. Industry contacts in the retail sector indicate a positive perception of U.S. nectarines among Japanese consumers. FAS/Tokyo forecasts Japan's nectarine imports to grow another 25 percent to 380 MT in 2021/22 MY as MY 2021/22 domestic peach production remains comparable to MY 2020/21 production levels.

Table 2: Japan's Fresh Nectarine Imports

	Quantity (MT)				
Country/Year	MY 2016/	MY 2017	MY 2018	MY 2019	MY 2020
World	114	165	282	186	280
United States	114	165	282	186	280

Source: Ministry of Finance

Policy

The United States does not have market access for fresh peaches to Japan. The United States has market access for nectarines, but there is mandatory pre-export methyl bromide fumigation of nectarines in the United States. Japan also requires an annual on-site audit of U.S. nectarine orchards. Due to COVID-19-related travel restrictions, Japan temporarily doubled on-arrival phytosanitary inspections of nectarines in lieu of on-site audits (2020 GAIN report titled "Japan temporarily increases phytosanitary inspections of select U.S. products"). This measure will continue until on-site audits can resume.

The USJTA has eliminated Japan's import tariff on U.S. peaches and nectarines on January 1, 2020 (for details, please see USJTA Treatment for Fresh Fruit).

Attachments:

No Attachments