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Japan

Stone Fruit Annual

Japanese Cherry and Peach Production Remain Steady

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Report Highlights:

For the 2015/16 season, Japanese cherry production is expected to revert to normal levels following last year's increased production, as there was some frost damage in the spring. Imports of California cherries are expected to increase by 10 percent, whereas imports of Northwest cherries are expected to decrease by nearly 30 percent due to a shortage of export-grade fruit. Overall, Japanese imports of U.S. cherry are anticipated to be five percent lower than the previous season. Japanese peach production is likely to remain similar to the previous year due to favorable growing conditions.

Commodities:

Fresh Cherries,(Sweet&Sour)

Fresh Peaches & Nectarines

Author Defined:

Fresh Cherries

Crop Area

According to the Ministry of Agriculture, Forestry and Fisheries (MAFF), Japan's planted area for sweet cherries in 2014 was 4,830 hectares (ha) (Table 1), a decline of 10 ha from the previous season.

The harvested area remained the same as previous season of 4,460 ha. Since 2007, the Japanese crop area for sweet cherries has been declining marginally (less than one percent). This decline is primarily due to the overall labor shortage; the aging population exiting farming and only a few young people that are joining the farm sector. According to the 2014 Japanese census of agriculture, the average age of Japanese farmers is 66.8 years, with 63 percent of farmers above 65 years old. Given the continued reduction in the farm labor force, Post estimates Japan's cherry tree planting area to continue its marginal decline to 4,820 ha in the 2015/16 season.

Production

In 2014/15, domestic production increased five percent over the previous season to 19,000 metric tons (MT) due to good weather during flowering, followed by an increased fruit set. For the 2015/16 season, Post forecasts Japanese cherry production to decrease to 18,000 MT as there was some frost damage to female flowers during the April blooming period resulting in reduced fruit set. Yamagata prefecture, located 250 miles north of Tokyo, is Japan's largest cherry-producing region and accounts for nearly 76 percent of the country's total production (Table 2). Due to frost damage and less fruit set in spring, Yamagata agricultural officials expect the prefecture's production to be 13,400 MT for 2015, an eight percent decrease from the previous year's production, but similar to the recent average level of production of 13,500 MT.

Satonishiki and Benishuho are the two most popular cherry cultivars in Japan, accounting for 65 and 10 percent of the total production, respectively. The Satonishiki harvest season begins in mid to late June and is followed closely by the Benishuho season in early July. The Satonishiki is the most popular cultivar due to the fruit's light, bright red skin color, white-cream colored flesh, and balance of acidity and sweetness. However, sources in Yamagata prefecture anticipate that the Benishuho, which also has light, bright red skin and yellow-cream colored flesh, should slowly increase in popularity among farmers due to its firmer flesh, which offers a relatively longer shelf-life, and due to its flavor, which is less acidic and sweeter than the Satonishiki and other domestic cherry varieties. In addition, Benishuho fruit become relatively larger in size than Satonishiki, which is more appealing to Japanese consumers

who have a custom of sending fruit as gifts. Benishuho also have a future potential for export when competing with larger, foreign varieties.

Cherries are graded based on the fruit size and color. Larger fruit and redder skin color receive a higher fruit grade and value. Many growers labor intensively in an effort to produce a high quality cherry. In Yamagata prefecture, a majority of cherry farmers use vinyl tents for growing cherries to avoid rain. This practice increases yield by preventing fruit cracking and diseases issues related to moisture and keeping birds from feeding on the fruit. Growers also introduce bee hives for pollination, resulting in good fruit set. Growers place silver or white sheets on the ground so that the reflected sunlight promotes redder and more consistent skin color. To overcome the labor shortage, research is being conducted to develop new varieties to prolong the harvest season, which is currently only one to two weeks.

Table 1: Japan's Cherry Production*

Year	Area Planted (ha)	Area Harvested (ha)	Production (MT)	Yield (MT/ha)	Price (yen/kg)
2005	4,800	4,380	19,100	4.36	1,514
2006	4,910	4,490	20,800	4.63	1,517
2007	4,960	4,490	16,600	3.70	2,009
2008	4,950	4,490	17,000	3.79	1,897
2009	4,900	4,450	16,600	3.73	1,811
2010	4,880	4,470	19,700	4.41	1,393
2011	4,850	4,440	20,400	4.59	1,373
2012	4,840	4,440	17,800	4.01	1,791
2013	4,840	4,460	18,100	4.06	1,766
2014	4,830	4,460	19,000	4.26	1,694

Source: MAFF

*Note: Price shown is average wholesale price in major cities. 2014 data is preliminary.

Table 2: Japan's Major Cherry Producing Prefectures (2014)

Prefecture	Area Harvested		Production	
	(ha)	(%)	(MT)	(%)
Total	4,460	100.0	19,000	100.0
Yamagata	2,910	65.3	14,500	76.3
Hokkaido	518	11.6	1,430	7.5
Yamanashi	317	7.1	1,190	6.3
Other	715	16.0	1,880	9.9

Source: MAFF



‘Satonishiki’ has bright red skin color and white-cream colored flesh.



Cherry farmers use vinyl tents to avoid rain.



Silver sheets are placed on the ground to promote redder color from the reflection of sunlight.

Consumption

The most common Japanese and U.S. cultivars differ in skin and flesh color, though not in flavor. Japanese cherries are often preferred for gift-giving, whereas U.S. cherries are preferred for daily household consumption due to their consistent quality and lower price. Although Japanese and U.S. cherries are well regarded in the Japanese fruit market, both face the continuing challenges of stagnant fruit consumption and a declining population. In 2015, Post estimates that per capita consumption of cherries will remain within the historical range, between 200 to 240 grams annually.

Japanese cherries tend to be significantly more expensive than U.S. cherries. The two, therefore, generally do not compete with each other. In 2014, the average wholesale price of Japanese and U.S. cherries was approximately 1,700 yen/kg and 1,400 yen/kg, respectively. However, for the 2015 season, Post expects wholesale prices for U.S. and Japanese cherries to converge due to low cherry production in California and a weakened yen. As a result, U.S. cherries face tougher competition from Japanese cherries, as well as other available fruits (e.g. kiwifruit from New Zealand) this year.

Table 3: Monthly U.S. and Japanese Cherry Wholesale Price* in yen/kg

	2012	2013	2014
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Month	U.S.A.	Japanese	U.S.A.	Japanese	U.S.A.	Japanese
April	1,703	6,836	2,380	6,449	2,395	6,680
May	1,262	4,512	1,169	3,742	1,885	4,739
June	886	1,689	1,185	1,974	1,208	1,680
July	775	1,565	1,237	1,365	1,057	1,302
August	711	1,252	1,152	1,133	935	1,319

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

Trade

Imports:

Japan has been a steady customer of U.S. cherries, which comprise 99 percent of Japanese cherry imports. U.S. cherries, which have an intense, dark red skin (known in Japan as ‘American Cherries’), are mainly shipped from California and the Pacific Northwest.

2014 imports of U.S. cherries fell 27 percent from 2013 to 5,354 MT due to a decline in available cherry supplies from California. Although Pacific Northwest cherries increased 34 percent over the previous year, it was insufficient to compensate for the decrease from California.

For 2015, Post estimates Japanese imports of fresh cherries to be approximately 5,100 MT, a five percent reduction from the previous season. Post anticipates a ten percent increase in imports of California cherries, but a slight decrease in Pacific Northwest cherries following a record high in 2014. Despite strong production in the Northwest, shipments to Japan are expected to decline by nearly 30 percent as dry and hot conditions reduce the supply in export grade fruit. The striking drop in imports of Pacific Northwest cherries are anticipated to contribute to a decrease in overall U.S. exports.

In 2015, the first California cherries shipment took place in mid-April, about 10 days earlier than average and continued until early June with supplies peaking in late May. Similarly, due to warm winter conditions, shipments of Pacific Northwest cherries began at the end of May 2015, about two weeks earlier than average, and continued until the end of July, with supplies peaking in early June. Generally, it is easier for California to expand its export volume, as its peak season does not compete with domestic production. Japanese fruit consumption and sales shift from winter and/or spring fruit (e.g., mandarin orange) to summer fruit (e.g., watermelon) between April and June. As a result, there is a break in the domestic fruit supply that is commonly filled by California cherries. Northwest cherries arrive in the middle of a competitive market when the domestic cherry harvest is beginning and other fruits (e.g., domestic peaches or imported kiwifruit) enter the marketplace.

In recent years, the unstable supply of U.S. cherries from California (in 2014 and 2015) and the Pacific Northwest (in 2013) have caused retailers to rely on alternatives to cherries, such as kiwifruit. Although Japanese consumers continue to demand U.S. cherries, from the retailers’ perspective, kiwifruit shipments from New Zealand have been more reliable. New Zealand kiwifruit imports begin at the end of April when the California cherry season begins, and continues until December. Japanese kiwifruit are available from January to April, when the imported kiwifruit are not in season, making kiwifruit

available year-round. Japanese supermarkets have limited shelf space, and the most popular seasonal commodities are given priority. The space is at such a premium that Japanese retailers are quick to replace products that are less reliable, and it is difficult for the product to recover that space in the following year.

Table 4: Japan’s Fresh Cherry Imports by Country

Country/Year	Quantity (MT)				
	2010	2011	2012	2013	2014
World	11,009	10,351	10,471	7,377	5,354
United States	10,904	10,263	10,415	7,332	5,292
New Zealand	24	16	31	30	13
Australia	26	8	15	15	14
Chile	53	64	11	0	36
Canada	2	0	0	0	0

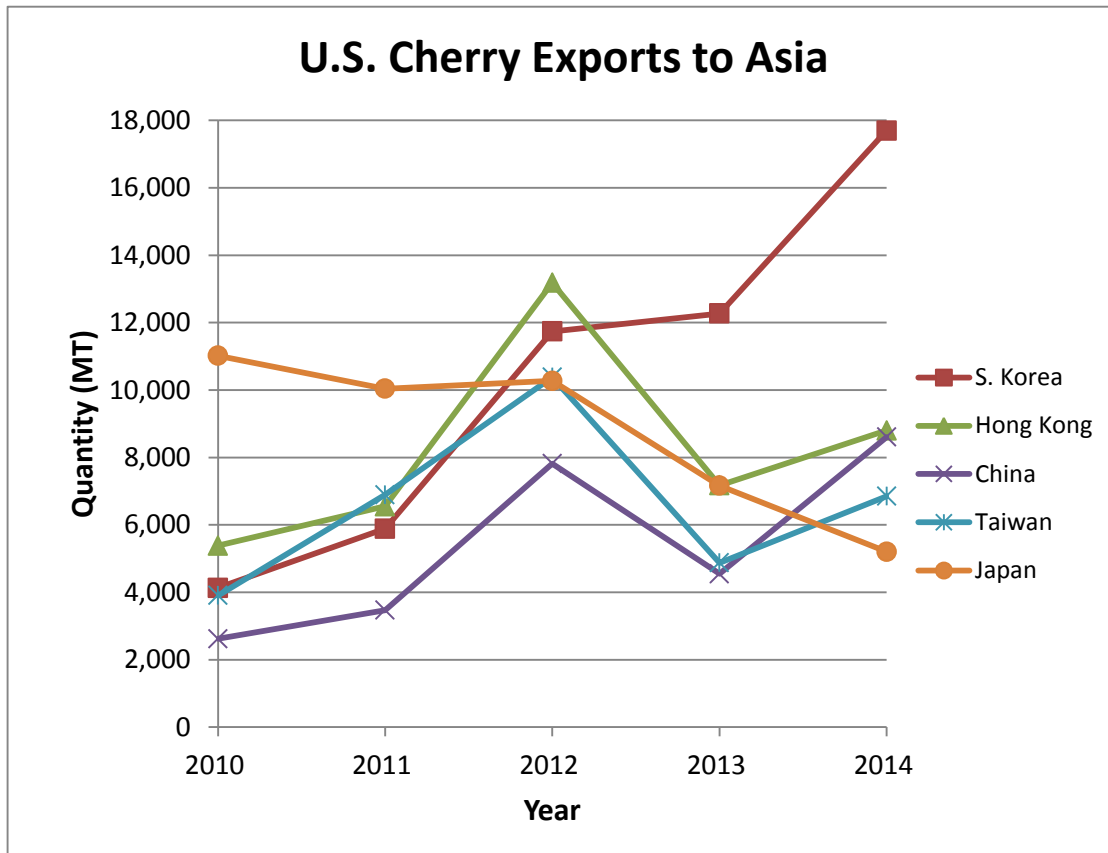
Source: Ministry of Finance

Table 5: Import Price of Fresh Cherries by Country

Country/Year	Unit value (U.S. Dollars/MT)				
	2010	2011	2012	2013	2014
World	8,269	9,988	9,131	9,394	10,164
United States	8,221	9,960	9,091	9,357	10,123
New Zealand	15,231	14,823	17,473	14,998	14,704
Australia	16,746	23,179	17,158	16,308	17,443
Chile	10,726	11,704	12,372	0	11,887
Canada	12,008	0	0	0	0

Source: Ministry of Finance

After Canada, Japan was the second largest export market for U.S. cherries until 2012, when the Korea-U.S. Free Trade Agreement eliminated South Korea’s import tariff. Since then, Japan’s import volume has fallen behind South Korea, as well as other Asian countries. Price constraints are preventing major Japanese retailers from competing with Korean buyers who are aggressive in buying U.S. cherries.



Source: Global Trade Atlas

Exports:

Japan's exports of fresh cherries have been close to nil. In 2014, Yamagata prefecture exported about 0.1 MT of Benishuho cherries to Taiwan for the first time. Domestic producers are interested in expanding to neighboring Asian countries in 2015; however, the volume will remain quite small for the near future (around a few hundred kilograms). Since Japanese cherries are very expensive due to their high production and shipping costs, they are mostly sold for gift-giving purposes.

Marketing

Domestic and imported cherries are sometimes differentiated for marketing purposes, with this contrast even appearing in the Japanese language itself. The term 'sakuranbo', often used for domestic cherries, conveys the image of bright red skin color, white-cream colored flesh, and a balance of acidity and sweetness. On the other hand, 'cherry' (pronounced 'che-ri-i'), or "American Cherry," is often expressed when referring to cherries with a large fruit size and dark skin color.

Generally, domestic fruit are appealing for their freshness. Domestic cherries generally have stems attached to the fruit to maintain their high value, so the farmers harvest fruit with great care. Growers

pick fruit in the morning and deliver to the major metropolitan areas such as Tokyo in the afternoon, and the cherries are sold at the retail stores within a day or two. One of the freshness indicators used is the degree of stem browning; Japanese cherries tend to have green stems, whereas imported cherries can have green-brown stems due to longer transit times. Fumigation and longer transit times can significantly shorten the shelf-life of imported cherries.

Policy

Due to the presence of codling moth in the United States, U.S. fresh cherries can be imported into Japan under either of two protocols. One protocol requires U.S. cherries (all varieties as of May 31, 2013) to be fumigated with methyl-bromide before entering Japan. Starting in 2009, a second protocol, commonly known as the “systems approach,” allowed imports of U.S. cherries without methyl-bromide fumigation, provided that certain monitoring conditions are met. The second procedure is only permitted for imports from the states of California, Idaho, Oregon, and Washington. In 2014, around 14 percent of California cherries and 42 percent of Pacific Northwest cherries (96 percent of Oregon, 29 percent of Washington) entered Japan under the systems approach.

Currently, Japan only allows four countries to use the systems approach for cherry shipments (Table 6). MAFF notes that countries prefer the systems approach for environmental purposes, as they seek to phase-out their use of methyl-bromide as a fumigant. The industry also prefers non-fumigated fruit for its longer shelf-life, and the quantity of cherries shipped under the systems approach has been slowly increasing. For more information on the implementation of the systems approach in the United States, see 2013 Stone Fruit Annual Report ([JA3035](#)).

The import duty of fresh cherries (Tariff code: HS 0809.29) is 8.5 percent as of 2015.

Table 6: Protocol Use by Countries Exporting to Japan

Country	Methyl-bromide Fumigation	Systems Approach
U.S.A.	Yes	Yes
Canada	Yes	No
New Zealand	No	Yes
Australia (Tasmania)	Yes	Yes
Chile	Yes	Yes

Fresh Peaches/Nectarines

Crop Area

Japan’s total planted area for peach trees in the 2014/15 season slightly decreased by one percent from the previous season to 10,600 ha (Table 7). Over the last decade, Japan’s crop area for peaches has been declining approximately one percent annually due to the decreasing number of farmers as the older generation retires without successors. In the 2015 season, Post estimates that peach planted area will remain similar to the previous season at 10,600 ha. Japan’s nectarine crop area is reportedly very limited, approximately 170 hectares in 2012 (the latest available data).

Production

Japan’s peach production in 2014 benefited from good weather, and this, combined with successful pollination, helped increase peach production to 137,000 MT (Table 7), a 10 percent increase over the previous season. In 2015, Post predicts a similar level of production at 137,000 MT due to good weather during the pollination and fruit development period.

There are two major peach production regions in Japan (Table 8). Yamanashi prefecture, located 130 kilometers west of Tokyo, has the nation’s largest production. In 2015, Yamanashi prefecture reports that the harvest season for early varieties started in mid-June, about six days earlier than the previous season, as they had warmer temperatures and mild weather during fruit development after pollination. The harvest season will continue until early August, and production in 2015 is predicted to be similar to the previous year’s level. The second largest producing region is in Fukushima, located 190 kilometers north of Tokyo. Blooming season started early in Fukushima, and the warmer temperature enhanced fruit development earlier than usual. As a result, the harvest season started in late July, approximately 10 days earlier than the average harvest date, and will continue until early September.

The majority of the peaches grown in Japan are white peaches; very few yellow peaches are produced. Most peach varieties planted in Japan are ‘Akatsuki’ and ‘Hakuho’, in the region of Fukushima and Yamanashi, respectively.

Table 7: Japan’s Peach Production*

Year	Area Planted (ha)	Area Harvested (ha)	Production (MT)	Yield (MT/ha)	Price (yen/kg)
2005	11,300	10,300	174,000	16.89	374
2006	11,200	10,300	146,300	14.20	475
2007	11,200	10,200	150,200	14.73	451

2008	11,100	10,100	157,300	15.57	414
2009	11,000	10,100	150,700	14.92	409
2010	10,900	10,000	136,700	13.67	482
2011	10,800	9,980	139,800	14.01	414
2012	10,700	9,950	135,200	13.59	449
2013	10,700	9,890	124,700	12.61	480
2014	10,600	9,850	137,000	13.91	463

Source: MAFF

*Note: Price shown is average wholesale price in major cities. 2014 data is preliminary.

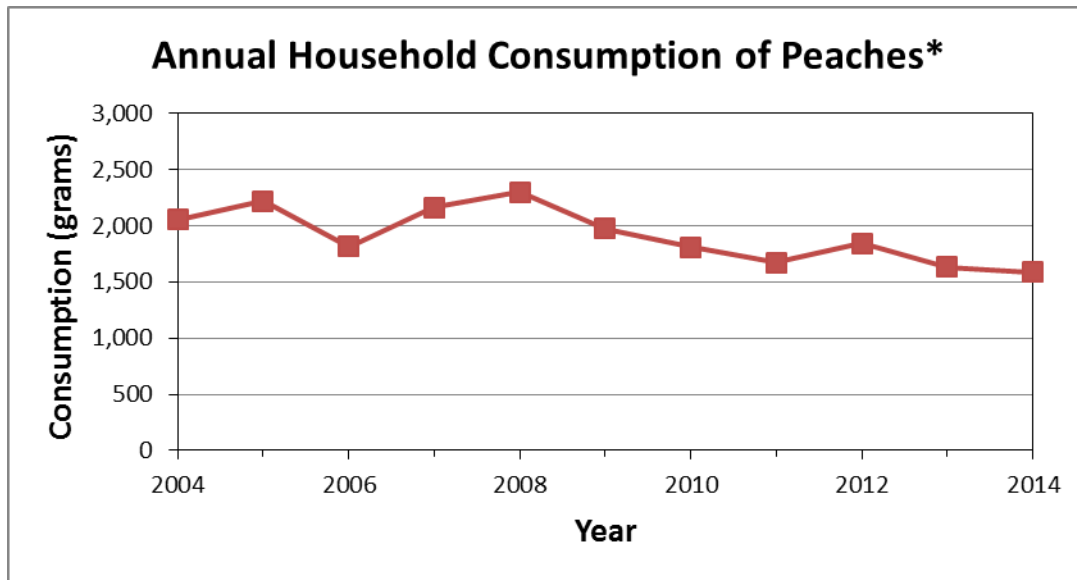
Table 8: Major Peach Producing Areas in Japan (2014)

Prefecture	Area Harvested		Production	
	(ha)	(%)	(MT)	(%)
Total	9,850	100.0	137,000	100.0
Yamanashi	3,250	33.0	46,500	33.9
Fukushima	1,540	15.6	29,300	21.4
Nagano	1,070	10.9	16,300	11.9
Wakayama	770	7.8	10,800	7.9
Yamagata	596	6.1	8,170	6.0
Okayama	634	6.4	7,100	5.2
Other	1,990	20.2	18,830	13.7

Source: MAFF

Consumption

For the MY2014, Japanese consumption of fresh peaches declined by three percent to 1,585 grams per household, primarily due to Japan's overall declining fruit consumption. For 2015, Post estimates that domestic consumption of peaches will continue to suffer from stagnant demand. On the other hand, there is an increasing demand for fresh cut fruit for consumer convenience. One of the reasons for the decrease in fresh fruit consumption is that peeling fruit is perceived as being cumbersome. Fresh cut fruit in a container also makes it easier to trash the packaging without handling any fruit waste. Unfortunately, packaging of fresh cut peaches is quite challenging. When peaches begin to ripen, and because of its melting flesh characteristics, fruit firmness drops quickly. In addition, once the fruit is cut, browning starts. Some research on preventative methods is required in order to minimize this.



Source: Family Income and Expenditure Survey, Ministry of Internal Affairs and Communications.

*Note: “Household” consists of two or more persons.

Trade

Imports:

No imports of fresh peaches or nectarines were recorded in 2014, as imports from practically all producing countries in the world are banned for phytosanitary reasons, except for nectarines from the United States and New Zealand (albeit with fumigation requirements). U.S. nectarines are subject to methyl-bromide fumigation before entering Japan due to the presence of codling moth in the United States. Current fumigation requirements add cost and deteriorate the quality of the delicate fruit. As a result, Japan has not imported U.S. nectarines since 2005.

Exports:

In 2011, the Great East Japan Earthquake dealt a significant blow to Japanese peach production, but production gradually recovered to pre-earthquake levels in 2013 (Table 9). In MY2014, Japan’s exports of fresh peaches increased by 55 percent to 898 MT. Yamanashi prefecture accounts for nearly half of all of Japan’s total peach exports and has been increasing its share since 2011.

The Japanese government aims to increase exports of agricultural, forestry and fishery products to one trillion yen (fresh produce to 25 billion yen) by 2020, 60 percent higher than 2014 levels. For fresh produce, Japanese producers are targeting export markets in the EU, Russia, Southeast Asia, and the Middle East. Based on strong production and the continuing recovery from the Great East Japan Earthquake, as well as the Japanese government’s agricultural export promotion, Post forecasts an increase in Japan’s exports of peaches in 2015 of up to 10 percent over the previous year. The majority of Japanese peach exports is destined for Hong Kong and Taiwan, and growers anticipate increasing

exports to Singapore. Japanese peaches are generally large, ranging from 250-300 grams, and mainly purchased as gifts by high-income consumers. Although the Japanese government is interested in promoting more exports of Japanese peaches, efforts are still largely at the prefectural level. Further, overseas plant quarantine requirements remain an impediment to Japanese peach export expansion.

International buyers’ concerns over radioactive contamination caused a significant drop in Japan’s exports of fresh peaches from Fukushima, the country’s second largest peach producing region (Table 9) and home to the Fukushima Daiichi nuclear power plant, which was badly damaged in the Great East Japan Earthquake. Under the oversight of the Ministry of Health, Labor and Welfare (MHLW), Fukushima prefecture has been conducting rigorous radiation monitoring of agricultural products, including peaches. Although there have been no findings of contamination in peaches above the Japanese regulatory threshold, Japan’s leading export markets are still restricting imports from Fukushima.

Table 9: Japan’s Export Markets for Peaches

Country/Year	Quantity (MT)				
	2010	2011	2012	2013	2014
World	494	280	439	578	898
Hong Kong	229	156	242	339	547
Taiwan	261	122	191	231	331
Singapore	3	3	4	4	13
Other	2	0	2	4	7

Source: Global Trade Atlas

Marketing

The prefectures and the National Federation of Agricultural Cooperatives (JA) are very active in promoting domestic consumption. In addition to JA marketing channels, farmers sell fruit through “pick-your own” sales, central and farmer’s markets, and direct to consumer sales.

Policy

For plant protection reasons, imports of fresh peaches and nectarines are banned from practically all producing countries in the world, except for nectarines from the United States and New Zealand, which have fumigation requirements. Six U.S. nectarine varieties - ‘Summer Grand’, ‘Spring Red’, ‘Firebrite’, ‘Fantasia’, ‘May Grand’, and ‘Red Diamond’ - must be fumigated with methyl-bromide before entering Japan.

The import duty of fresh peaches and nectarines (Tariff code: HS 0809.30) is 6.0 percent as of 2015.

PS&D Tables

Fresh Cherries,(Sweet&Sour)	2013/2014	2014/2015	2015/2016
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Market Begin Year	Jan 2013		Jan 2014		Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Japan						
Area Planted	4840	4840	4840	4830	0	4820
Area Harvested	4460	4460	4460	4460	0	4460
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	16100	16100	17345	17000	0	16000
Non-Comm. Production	2000	2000	2155	2000	0	2000
Production	18100	18100	19500	19000	0	18000
Imports	7300	7377	5000	5354	0	5100
Total Supply	25400	25477	24500	24354	0	23100
Fresh Dom. Consumption	23790	23867	22765	22654	0	21500
Exports	0	0	0	0	0	0
For Processing	1610	1610	1735	1700	0	1600
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	25400	25477	24500	24354	0	23100
(HA) ,(1000 TREES) ,(MT)						

Market Begin Year	2013/2014		2014/2015		2015/2016	
	Jan 2013		Jan 2014		Jan 2015	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	10700	10700	10700	10600	0	10600
Area Harvested	9890	9890	9890	9850	0	9850
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	114100	114100	125354	125400	0	125400
Non-Comm. Production	10600	10600	11646	11600	0	11600
Production	124700	124700	137000	137000	0	137000
Imports	0	0	0	0	0	0
Total Supply	124700	124700	137000	137000	0	137000
Fresh Dom. Consumption	109120	109120	121400	119662	0	119570
Exports	580	580	600	898	0	990
For Processing	15000	15000	15000	16440	0	16440
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	124700	124700	137000	137000	0	137000
(HA) ,(1000 TREES) ,(MT)						