

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Japan

### Citrus Annual

### 2016 Japan Citrus Annual

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**Report Highlights:**

FAS/Tokyo has revised data from marketing year (MY) 2014/15 to incorporate information for new varieties of mandarin/tangerine and acidic citrus similar to lemons that are produced in Japan. The trend of declining citrus acreage in Japan continued in marketing year (MY) 2015/16, decreasing 2 percent to 64,200 hectares. Production decreased 9 percent to approximately 1,100,000 MT in MY 2015/16 - largely due to unfavorable weather conditions during the growing season. Despite FAS/Tokyo expectations that planted area will fall another two percent in MY 2016/17, improved growing conditions have led FAS/Tokyo to forecast an increase in total citrus production in MY 2016 (up 5 percent to 1,157,000 MT given).

**Executive Summary:**

FAS/Tokyo undertook a survey of varieties of citrus that have been unreported in the annual citrus report until now. Accordingly, data in the PS&D reports now reflect, for example, new cultivars of mandarin and tangerine (i.e., tangor and tangelo), cross-breeds, and traditional citrus that resemble lemons (i.e., Yuzu).

Japan's planted area and production of Unshu oranges have decreased continuously since their peak in 1975. This reduction is attributed to multiple factors such as Japanese agricultural policy, aging Japanese farmers, the steady exit of farmers who have no successor, and conversions to more profitable crops. Japanese agricultural policy has encouraged Unshu orange farmers, which account for approximately 25 percent of domestic citrus production, to convert to other varieties of mandarin/tangerine oranges.

The trend of declining acreage continued in MY 2015/16, decreasing 2 percent to 54,000 hectares (ha) for Unshu oranges, and 2 percent to 64,200ha for citrus as a whole. Unshu production declined 11 percent to approximately 778,000 metric tons (MT) in MY 2015/16. Similarly, total citrus production in Japan decreased 9 percent to approximately 1,100,000 MT during the same period. These reductions were largely due to unfavorable weather conditions during the growing season. FAS/Tokyo estimates that planted area decreased another 2 percent in MY 2016/17, but estimates Unshu orange and total citrus production to improve 7 and 5 percent to 830,000 and 1,157,000 MT, respectively, due to improved weather.

Japan remains one of the most important export markets for U.S. citrus. However, U.S. citrus has lost some market share in recent years due to supply constraints, high prices, and competition from citrus producers who enjoy beneficial tariff treatment under bilateral economic partnership agreements (EPAs) (e.g., grapefruit).

**Commodities:**

Tangerines/Mandarins, Fresh

Grapefruit, Fresh

Oranges, Fresh

Orange Juice

Lemons, Fresh

Citrus, Other, Fresh

## Tangerines/Mandarins

### PS&D Table

**Note:** Beginning with this Annual, FAS/Tokyo has incorporated data for mandarin/tangerine-type varieties (i.e., tangor and tangelo) to the PS&D data. The addition has resulted in significant changes to some numbers compared to previous PS&Ds. Those changes are outlined in the narrative below.

Tangerines/Mandarins, Fresh Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Japan						
Area Planted	60900	0	60100	0	0	0
Area Harvested	58400	54900	57600	54000	0	53000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0
Production	1070	1040	1115	933	0	994
Imports	12	12	15	17	0	25
Total Supply	1082	1052	1130	950	0	1019
Exports	3	3	3	3	0	3
Fresh Dom. Consumption	989	939	1037	860	0	916
For Processing	90	110	90	87	0	100
Total Distribution	1082	1052	1130	950	0	1019

(HECTARES) ,(1000 TREES) ,(1000 MT)

### Production

#### Expanded Mandarin-variety Production

Variety	MY 2014/15		MY 2015/16		MY 2016/17	
	Planted Area (ha)	Production (MT)	Planted Area (ha)	Production (MT)	Planted Area (ha)	Production (MT)
Unshu	42,900	874,700	42,200	777,800	41,500*	830,000*
Non-Unshu	12,000*	165,200*	11,800*	155,000*	11,500*	164,000*
Total Mandarin	54,900	1,039,900	54,000	932,800	53,000	994,000

Source: MAFF data for Unshu mikan

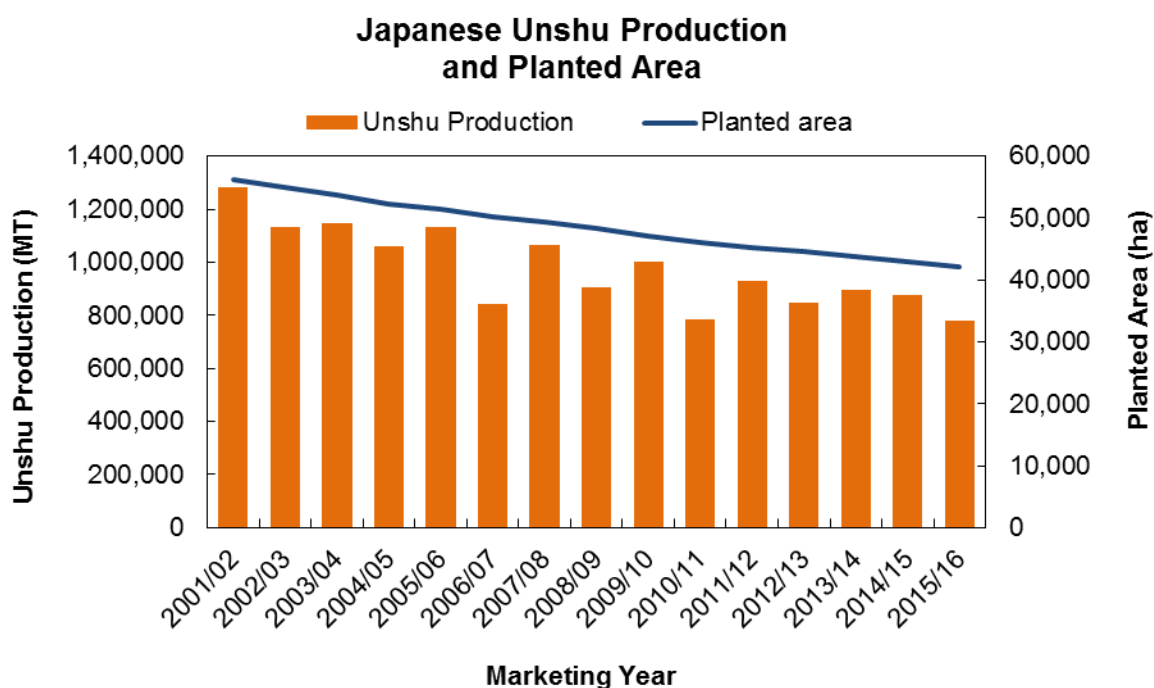
\* FAS/Tokyo estimates for non-Unshu varieties.

### Unshu Mikan

Japan's mandarin/tangerine production has largely been comprised of Satsuma mandarin cultivation, also known as "Unshu mikan" or "Unshu orange". Unshu mikan production has been in a state of general decline since 1975 when production peaked at 3.7 million MT. Despite improvements to yield, Japan's planted area for Unshu mikan has declined over the last 40 years. In fact, production today is just 25 percent of what it was in 1975.

For marketing year (MY) 2015/16 (October to September), planted area for Unshu mikan was 42,200 ha, down 2 percent from the previous MY (please note the PS&D above reflects planted area for all mandarin/tangerine varieties). Unshu oranges are often harvested on the south side of steep hills, which provide for ideal growing conditions. However, it is extremely hard for aging Japanese farmers to harvest in such locations, as mandarins are mostly harvested by hand. In addition, growers seeking higher returns on their investments are substituting Unshu trees with different citrus varieties, including non-Unshu mandarins (described further below). The steady exit of older farmers, decreasing consumption of Unshu mikan, and the increased availability of other fruits (including new imported varieties) have all contributed to the reduction in Unshu mikan acreage. Given that these factors are likely to continue in the years to come, Post anticipates the planted area for Unshu mikan in Japan to continue its steady decline at a rate of 2 percent annually, and estimates a planted area of 41,500 ha in MY 2016/17.

The Japanese government issues a so-called “appropriate shipment quantity” in June of each year to manage the annual Unshu orange production in an effort to keep production line with its annual Unshu demand estimate. Following this guideline, each prefecture and region adjusts its production to meet the government’s established production target. The Japanese government issues these guidelines to secure farmers’ income by preventing a drop in market price as a result of overproduction. For MY 2016/17, the Japanese government announced a production target of 890,000 MT for Unshu oranges. Of this total, 800,000 MT are for fresh consumption and 90,000 MT are for processing.



However, the government’s production target assumes ideal growing conditions, and does not account for potential factors that may increase or reduce production (such as climate and disease). In fact,

although the Unshu orange production target for MY 2015/16 was 900,000 MT, high temperatures and heavy rains in November and December reduced production to only 777,800 MT, down 13 percent from MY 2013/14, and 11 percent from MY 2014/15. For MY 2016/17, climate conditions were unfavorable during fruit set in June and July, but improved for ripening in August which contributed to partial growth recovery. Accordingly, FAS/Tokyo forecasts domestic Unshu orange production at 830,000 MT – nearly 7 percent below the government production target.

### **Non-Unshu Varieties**

Japanese government production policies until the mid-1970s encouraged Unshu mikan production. However, by the mid-1970s, overproduction and a drop in the market price prompted the government to adopt policies to discourage Unshu mikan production, and many farmers shifted production to new citrus varieties such as tangors and tangelos. Further, with declining Unshu mikan consumption, the Japanese citrus industry (together with national and prefectural research stations) began breeding programs to develop new citrus late harvest varieties (between December and May and known as “Chubankan”), a season when few traditional domestic fruits are available in market. Production of Chubankan partially restored citrus production that was lost by the decline of Unshu orange production, and accounted for 23 percent of domestic citrus production in MY 2015/16 (i.e., 260,000 MT).

MY 2015/16 production of mandarin/tangerine varieties was 933,000 MT, of which 17 percent (or 155,000 MT) are Chubankan. Of the numerous mandarin/tangerine Chubankan varieties, two have stable production volumes - “Shiranui/Dekopon” and “Setoka”. Their volumes in MY 2015/16 were 50,000 MT for Shiranui and 6,000 MT for Setoka, and volumes for both are expected to increase for at least the next few years. However, other Chubankan varieties are experiencing a steady decline in production and consumption, similar to that of the Unshu mikan.

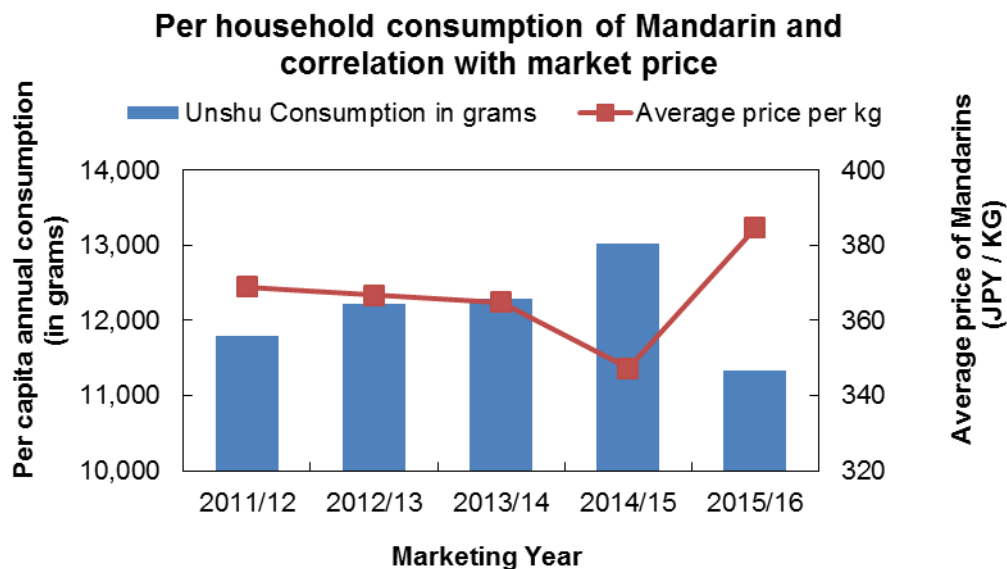
Although planted area decreased 2 percent to 53,000 ha, and weather conditions were unfavorable in MY 2016/17, conditions were still better than they were last year. Consequently, FAS/Tokyo forecasts improved production of mandarin/tangerine varieties overall in MY 2016/17 to 994,000 MT, a 7 percent increase from MY 2015/16.

### **Consumption**

Although current Unshu mikan production in Japan is just a quarter of what it was in 1975, Unshu is still the third most popular fresh fruit with Japanese consumers after bananas and apples (on a volume basis). Unshu mikan accounted for 15 percent of fresh fruit consumption in Japan in 2015, according to the Ministry of Internal Affairs and Communications (MIC). Approximately 90 percent of Unshu production in Japan is consumed fresh, with the remainder going to juice (7 percent) and canned fruit production (3 percent).

The primary determinant of quality in the Japanese fruit market is sweetness. Sorting facilities for mandarin oranges are all equipped with brix sensors and retailers display brix values at their points of purchase. Yet, Japanese consumers are also very sensitive to market prices. The figure below illustrates that Japan’s annual household consumption (two or more persons per household) of fresh Unshu mikan was relatively unchanged over 3 years between MY 2011/12 to MY 2013/14. Although production did

not increase in MY 2014/15 (see graph above), the average market price dropped by 5 percent in MY 2014/15 compared to the previous MY, resulting in a 6 percent increase in per household consumption. For MY 2015/16, due primarily to decreased production, Unshu prices rose to their highest level in their history, and per household consumption decreased reciprocally.



Among all the mandarin varieties cultivated and sold in Japan, “Shiranui/Dekopon” and “Setoka” are the only 2 varieties with increasing production. “Dekopon” is not a variety name, but a registered trademark of the Shiranui variety that satisfies both brix and acidity standards, and are grown in certified areas. This variety is registered as “Sumo-Citrus” and is also commercialized in the United States. The variety’s strict quality controls have won over a dedicated customer base.

In fact, “Shiranui/Dekopon” is the most popular Chubankan in Japan and their consumption in MY 2015/16 was approximately 50,000 MT. “Setoka”, which has a brix value of around 14, established a reputation as a premium citrus product. Since this variety was registered as recently as 2001, its production volume is still limited to just 6,000 MT in MY 2015/16, but is expected to grow.

Despite these marketing and breeding efforts, Japanese mandarin consumption continues to decline. Younger Japanese consumers prefer “no-peeling” rather than “easy-peeling” citrus. As a result, the Japanese industry has been trying to promote Unshu and other citrus by introducing ready-to-eat products such as cut fruit and jelly-fruit cups. Although popular, the sales of these fruit cups are too few to offset declining Unshu mikan consumption.

## Trade – Imports

### Japanese Mandarin/Tangerine Imports (MT)

	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15	MY 2015/16
<b>World</b>	20,313	16,820	10,390	11,629	17,342

United States	16,635	12,351	7,550	8,743	13,976
<i>Market share:</i>	82%	73%	73%	75%	81%
Australia	2,097	2,389	1,711	1,586	2,636
Others	249	1,318	432	551	420

Source: Global Trade Atlas

Poor domestic production has driven demand for imported citrus, and, in turn, U.S. clementine and mandarin have developed a following in Japan. Higher yields in California corresponded with reduced production in Japan, contributing to approximately 14,000 MT of imports from the United States, a 60 percent increase from the previous MY. Supported by competitive prices when compared to Australia, the United States continued to be the largest supplier of mandarins to Japan, and increased its trade share to 81 percent in MY2015/16. Although Japanese mandarin production is forecast to partially recover from the previous MY, production remains lower than average for MY 2016/17. Considering USDA estimates for higher production of mandarins/tangerines in California in MY 2016/17, FAS/Tokyo expects imports from the United States to increase 7 percent to 15,000 MT.

#### **CIF Price of Imported Mandarin/Tangerines (US\$ / MT)**

	<b>MY 2011/12</b>	<b>MY 2012/13</b>	<b>MY 2013/14</b>	<b>MY 2014/15</b>	<b>MY 2015/16</b>
United States	1,324	1,563	1,561	1,576	1,528
Australia	1,990	1,574	1,993	1,564	1,673
Others	3,124	2,052	2,828	2,362	2,486

Source: Global Trade Atlas

## **Trade - Exports**

#### **Japanese Mandarin/Tangerine Exports (MT)**

	<b>MY 2011/12</b>	<b>MY 2012/13</b>	<b>MY 2013/14</b>	<b>MY 2014/15</b>	<b>MY 2015/16</b>
World	2,544	2,481	2,935	3,302	2,533
Canada	2,165	1,984	2,258	2,538	1,756
Hong Kong	127	216	213	300	340

Taiwan	130	118	230	190	237
Others	121	164	233	275	201

Source: Global Trade Atlas

Japanese exports of mandarins are small. Due to lower production of Unshu oranges, Japan exported 2,533 MT in MY2015/16, 23 percent less than in MY2014/15. The major export market remained Canada (i.e., 1,756 MT), which accounting for 69 percent of Japanese exports, while the remainder were exported to Asian countries. With robust global demand for mandarins/tangerines, and a concerted effort by the Government of Japan, Japan continues to work to promote exports of Japanese mandarins and other agricultural products overseas. However, as described above, Japanese Unshu production remains lower than expected this MY. Therefore, Post expects Japanese exports of mandarins to increase marginally to 3,000 MT in MY 2016/17.

Effective November 26, 2014, the United States removed certain restrictions on mandarin imports from Japan. The major changes were 1) removing requirements for fruit to be grown in specified canker-free export areas with buffer zones, and 2) removing requirements for joint inspection in groves and packinghouses by MAFF and the USDA's Animal and Plant Health Inspection Service. For further information, please refer to the [Federal Register notice](#).

These changes will make U.S. import regulations for mandarins from Japan consistent with U.S. domestic regulations for the interstate movement of citrus fruit from areas quarantined due to citrus canker. Despite these regulatory changes, Japanese export of mandarins to the United States has been negligible. Therefore, FAS/Tokyo expects Japanese exports to the United States remain relatively small.

## Prices:

### Japan: Fresh Unshu Orange Prices – Import, Wholesale, Retail

Import CIF Prices*		Wholesale Prices**		Retail Prices***	
MY 2015/16	US \$ / KG	MY 2015/16	JPY / KG	MY 2015/16	JPY / KG
October	2.87	October	198	October	530
November	0	November	245	November	503
December	2.69	December	277	December	536
January	2.57	January	313	January	659
February	1.54	February	336	February	747
March	1.58	March	403	March	877



April	1.51	April	-	April	-
May	1.72	May	-	May	-
June	1.83	June	-	June	-
July	1.51	July	-	July	-
August	1.66	August	-	August	-
September	1.99	September	231	September	632
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 U.S. approves Unshu orange imports from Fukuoka, Saga, Nagasaki, and Kumamoto

To prevent the introduction of the citrus fruit fly (*Bactrocera tsuneonis*), the U.S. prohibited Unshu orange imports from Kyushu island of Japan. The government of the United States and Japan reached to an agreement that Unshu oranges from Fukuoka, Saga, Nagasaki, and Kumamoto can be exported to the United States on the condition of installing trapping systems as prescribed by USDA and the Japanese Government's Ministry of Agriculture, Forestry, and Fisheries.

### 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. As a result, imports of Mexican mandarins face Japan's WTO tariff rate of 17 percent.

### The Japan-Australia Economic Partnership Agreement (EPA):

The Japan-Australia Economic Partnership Agreement has been in effect since January 15, 2015. Under this EPA, the tariff on fresh Australian mandarins was 13.8 percent in Japanese fiscal year (JFY: April – March) 2016. It will be reduced by equal rate every year until the tariff reaches zero in 2029.

## General Import Duty:

### Japan: Import Duties 2016

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 2016

\* all duties are charged on a CIF basis

## Grapefruit

## PS&D Table

**Note:** Beginning with this Annual, FAS/Tokyo has incorporated data for domestic pomelo varieties (which share similar functionality to grapefruit) to the PS&D data. The addition has resulted in significant changes to some numbers compared to previous PS&Ds. Those changes are outlined in the narrative below.

Grapefruit, Fresh Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	1180	0	1170	0	1160
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0
Production	0	26	0	25	0	24
Imports	100	100	90	82	0	78
Total Supply	100	126	90	107	0	102
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	100	125	90	106	0	101
For Processing	0	1	0	1	0	1
Total Distribution	100	126	90	107	0	102

(HECTARES) ,(1000 TREES) ,(1000 MT)

## Production

Japan has been producing unique domestic Pomelos for many years. Buntan and Kawachi-bankan are two major citrus varieties grown in Japan that resemble grapefruit. In MY 2015/16, Japanese pomelo production totaled 25,000 MT, with 1,170 ha of planted area; a 1 percent reduction of each from MY 2014/15. Similar to other citrus varieties, the planted area and production of these Pomelo varieties are also steadily declining. Although there is a certain demand for these varieties, particularly from older consumers, FAS/Tokyo estimates that the planted area and production of Japanese Pomelo varieties will decline a 1 percent to 1,160 ha and a 4 percent to 24,000 MT, respectively, in MY 2016/17.

## Consumption

Japanese consumption of fresh grapefruit was 106,000 MT in MY 2015/16, down 15 percent compared to 125,000 MT in MY 2014/15. Consumption of grapefruit has been on a continuous decline since 2004, when annual household grapefruit consumption peaked at nearly 4,500 grams. Japanese annual household consumption of MY 2015/16 was 1,285 grams, comparable to the previous MY of 1,289 grams. Previously observed declines in consumption had been consumer-oriented. For example, grapefruit consumption is highest among older Japanese consumers, but they have increasingly shied away from grapefruit due to reports of negative interactions between grapefruit and hypertension drugs. However, the reduction in the current MY is market-oriented. Reduced production in major supplier markets has resulted in tighter supplies (discussed further in the trade section). Although this lower availability did not significantly impact retail prices, since production of grapefruits in Florida is also expected to decrease in MY 2016/17, FAS/Tokyo estimates further reductions in Japanese grapefruit consumption to 101,000 MT in MY 2016/17, a 5 percent reduction compared to MY 2015/16.

Japanese pomelo varieties are consumed fresh, similar to grapefruit. Thus, some varieties are referred to as “Japanese grapefruits”. A particularly distinctive feature of Japanese pomelo varieties is their season. Most varieties mature very late, with their season beginning in December and concluding in July - limiting market competition with U.S. grapefruit. The development and production of Japanese pomelo varieties is driven by demand for sour fruit when temperatures are high. However, as with grapefruit, these varieties are also popular among Japan’s older consumers, and also reportedly has had some interactions with certain hypertension drugs. As a result, this consumption is also on the decline.

## Trade – Imports

All of Japan’s grapefruit consumption in 2015/16 was from imported fruit (82,000 MT). The United States was the leading supplier of fresh grapefruit to Japan, accounting for 54 percent of total Japanese imports. In MY 2015/16, the United States supplied 44,000 MT of grapefruit, a 15 percent reduction from the previous year. This decline is attributed to reduced production in Florida, which accounts for roughly 85 percent of U.S. grapefruit shipments to Japan. Multiple factors, including citrus greening disease, have reduced Florida production, and subsequent exports to Japan. The Florida Department of Citrus has estimated a further 11 percent reduction in production for MY 2016/17. California and Texas also supply grapefruit from the United States, accounting for 10 and 5 percent of U.S. grapefruit shipments to Japan, respectively. Nonetheless, given this decrease in productions in Florida (which has accounted for the majority of U.S. exports), FAS/Tokyo anticipates that Japanese imports of U.S. grapefruit will decrease by another 10 percent in MY 2016/17.

### Japanese Grapefruit Imports

	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15	MY 2015/16
World	149,145	133,682	109,491	99,776	81,838
United States	96,438	78,580	60,022	51,899	44,032
<i>Market Share:</i>	<i>65%</i>	<i>59%</i>	<i>55%</i>	<i>52%</i>	<i>54%</i>
South Africa	47,748	50,457	46,488	43,973	30,634
Israel	2,850	3,120	2,646	1,501	2,937
Turkey	1,639	1,520	333	2,185	1,684
Mexico	42	0	0	200	1,783
Australia	386	0	0	9	643
Others	42	5	2	9	125

Source: Global Trade Atlas

South Africa is the second largest exporter of grapefruit to Japan, accounting for 37 percent of Japan’s total imports. MY 2015/16 grapefruit production in South Africa was also reduced due to drought and hail in major production regions. MY 2015/16 was also an “off year”, resulting in an additional 30 percent reduction in exports (i.e., 30,000 MT). South Africa is again reportedly experiencing drought, reducing grapefruit production below MY 2015/16 levels. South Africa is, however, expected to prioritize exports, maintaining levels similar to the previous year. Post therefore expects imports from South Africa to remain at 30,000 MT for MY 2016/17.

U.S. and South African grapefruit do not compete much due to northern/southern hemisphere seasons. However, Israel and Mexico can be potential competitors. Although imports from Israel decreased in MY 2014/15 due to quality issue, it recovered in MY 2015/16, and may grow in MY 2016/17. Mexico increased its trade share in MY 2015/16 due to the Japan-Mexico EPA. In MY 2015/16, Mexico exported 1,700 MT to Japan, an 800 percent increase from the previous year. According to industry sources, Mexican grapefruit quality and supplies vary year by year.

Given reductions in U.S. grapefruit production, though Japanese grapefruit imports are expected to increase from Mexico (which benefits from a bilateral trade agreement), FAS/Tokyo forecasts Japanese grapefruit imports will decrease five percent in MY 2016/17 to 78,000 MT.

### Trade – Exports

Japan does not export grapefruit.

### Price:

#### Japan: 2015/16 Fresh Grapefruit Prices – Import, Wholesale, Retail

Import CIF Prices		Wholesale Prices		Retail Prices	
MY 2015/16	US \$ / KG	MY 2015/16	JPY / KG	MY 2015/16	JPY / KG
October	0.96	October	124	October	301
November	1.43	November	156	November	328
December	1.35	December	229	December	453
January	1.38	January	229	January	478
February	1.38	February	226	February	473
March	1.35	March	214	March	429
April	1.34	April	212	April	404
May	1.26	May	205	May	439
June	1.03	June	194	June	437
July	1.02	July	181	July	359
August	1.06	August	176	August	351

September	1.15	September	171	September	342
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>

### The Japan-Australia Economic Partnership Agreement (EPA)

The Japan-Australia EPA has been in effect since January 15, 2015. Under this EPA, the tariff on fresh Australian grapefruit is 5.0 percent in JFY2016 (i.e., April 1 to March 31).

## Import Duties:

### Japan: Import Duties 2016

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

Source: Japan's Customs Tariff Schedules for 2016 as of June 07, 2016 (latest as of Dec 15, 2016)

\* all duties are charged on a CIF basis

## Orange

### PS&D Table

Oranges, Fresh Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Japan						
Area Planted	0	0	0	0	0	0
Area Harvested	420	470	400	450	0	440
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0

<b>Production</b>	5	7	5	7	0	6
<b>Imports</b>	83	83	90	100	0	110
<b>Total Supply</b>	88	90	95	0	0	0
<b>Exports</b>	0	0	0	0	0	0
<b>Fresh Dom. Consumption</b>	88	90	95	106	0	116
<b>For Processing</b>	0	0	0	1	0	0
<b>Total Distribution</b>	88	90	95	107	0	116
(HECTARES) ,(1000 TREES) ,(1000 MT)						

## Production

Japan produced an estimated 6,600 MT of oranges in MY 2015/16 (a 2 percent decrease in production and planted area compared to the previous MY). Navel is the leading variety with 93 percent market share, and Valencia accounts for the remaining market share. Hiroshima and Shizuoka are the two leading regions for Japanese orange production, accounting for 70 percent of domestic production. As with other citrus varieties, farmers' age, labor shortages, and the lack of successors are the leading constraints to production. FAS/Tokyo estimates that Japanese orange production will decrease a further 2 percent to 6,400 MT as a consequence of anticipated reductions in growing area by approximately 440 ha (a 2 percent reduction).

## Consumption

Japanese annual consumption of fresh oranges increased 18 percent to 106,000 MT for MY 2015/16 (after 4 years of consecutive decreases). Orange consumption benefited from decreased domestic production of Unshu oranges, as well as lower imports of grapefruits.

Although MY 2016/17 Unshu orange production is expected recovery partially, it is unlikely to offset heightened orange imports (see Mandarin section for further details). In addition, FAS/Tokyo expects a further reduction in grapefruit imports (see Grapefruit section for further details). Therefore, oranges will likely continue to compensate for reduced availability of other citrus products. Accordingly, FAS/Tokyo estimates Japan's consumption of oranges for MY 2016/17 to increase to 116,000 MT, up approximately 10 percent compared to MY 2015/16.

## Trade – Imports

Japanese imports of oranges increased 18 percent to 100,000 MT during MY 2015/16, turning around 4 years of consecutive decreases since MY 2011/12. The United States is the leading supplier with 61,000 MT in MY 2015/16 (accounting for 61 percent of annual orange imports). Australia follows with 35 percent of the import market, but did not directly compete with U.S. oranges due to its market year of July to November. As described above, the primary reason for Japan's increased imports of oranges

was the reduced availability of Unshu oranges and grapefruit in Japanese markets. Corresponding to the reduced production of domestic Unshu oranges, retailers started importing oranges earlier (i.e., from late January). Reduced imports of grapefruit further encouraged heightened imports of U.S. oranges throughout the MY.

Furthermore, reduced CIF prices in MY 2015/16 compared to the previous MY helped lead to an increase in U.S. orange exports to Japan. Supported by strong yields in California, from which Japan imports 100 percent of U.S. oranges, CIF prices for U.S. oranges fell slightly in MY 2015/16, whereas CIF prices of other major suppliers increased. This reduced price gap, coupled with a well-established reputation for U.S. oranges, attracted Japanese retailers.

Given declining domestic Unshu production, coupled with anticipated reductions in grapefruit imports, FAS/Tokyo forecasts Japan's total imports of oranges for MY 2016/17 to further increase to 110,000 MT, up 10 percent compared to MY 2015/16.

## Prices:

### Japan: Fresh Orange Prices – Import, Wholesale, Retail

Import CIF Prices*		Wholesale Prices**		Retail Prices***	
MY 2015/16	US \$ / KG	MY 2015/16	JPY / KG	MY 2015/16	JPY / KG
October	1.08	October	178	October	449
November	0.99	November	177	November	449
December	1.33	December	197	December	451
January	1.41	January	222	January	483
February	1.36	February	259	February	495
March	1.28	March	259	March	477
April	1.28	April	262	April	478
May	1.30	May	252	May	469
June	1.28	June	241	June	479
July	1.24	July	217	July	468
August	1.26	August	196	August	450
September	1.25	September	178	September	441
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. 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. In-quota imports of Mexican oranges (up to 4,100 MT) receive a tariff of 5.0 percent when imported between June 1 and November 30, and a tariff of 10.0 percent when imported from December 1 to May 31. Out-of-quota imports of Mexican oranges face the WTO tariff rates shown below. Since the majority of Mexican orange exports are traditionally shipped to nearby markets, Japan imported only 330 MT (0.3 percent of total imports) of fresh oranges from Mexico in MY 2015/16. The Japan-Mexico EPA agreement can be found at the following website:

<http://www.mofa.go.jp/region/latin/mexico/agreement/index.html>

### The Japan-Australia Economic Partnership Agreement (EPA):

The Japan-Australia Economic Partnership Agreement has been in effect since January 15, 2015. Under this EPA, the tariff on fresh Australian oranges imported between June 1<sup>st</sup> and September 30 is 11.6 percent in JFY 2016 (i.e., April 1 to March 31).

## Import Duties:

### Japan: Import Duties 2015

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

Source: Customs Tariff Schedules of Japan as of June 07, 2016 (latest as of Dec 15, 2016)

\* all duties are charged on a CIF basis

## Orange Juice

### PS&D Table

Orange Juice Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	0	0	0	0	0	0
Beginning Stocks	10672	10672	17182	17524	0	12667
Production	0	0	0	0	0	0
Imports	74010	86352	65000	73413	0	80000
Total Supply	84682	97024	82182	90667	0	92667
Exports	0	0	0	0	0	0



<b>Domestic Consumption</b>	67500	79500	67000	78000	0	77500
<b>Ending Stocks</b>	17182	17524	15182	12667	0	15167
<b>Total Distribution</b>	84682	97024	82182	90667	0	92667
(MT)						

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

## Production

Japan's production of orange juice is marginal. Rather, Japan produces Unshu-based orange juice, often referred to as mikan juice. Japan has few Unshu orchards designated specifically for juice production. Rather, low quality Unshu mikan that are unsuitable for fresh consumption are diverted for juice processing. For MY 2015/16, 65,000 MT of Unshu oranges were processed for juice, resulting in approximately 6,000 MT at a 65 Brix equivalent. Unfavorable weather conditions during the 2016 growing season are likely to increase the volume of low quality Unshu oranges in MY 2016/17, which will offset the reduction of Unshu acreage and production in Japan. Therefore, FAS/Tokyo forecasts Japanese Unshu-based orange juice production to remain the same at 6,000 MT (at a 65 Brix equivalent) for MY 2016/17.

## Consumption

According to leading juice manufacturing companies in Japan, total Japanese consumption of fruit juice-based beverages has been declining steadily since its peak in 2013. 100 percent orange juice and 100 percent mixed juice blends make up 30 percent of the market. The remaining 40 percent is comprised of orange juice-based beverages. This category consists of both carbonated and non-carbonated juice, and various fruit beverages that contain less than 100 percent juice.

Japanese consumption of 100 percent juice is declining because of consumer concerns related to its sugar content and calories. Furthermore, many retailers increased the retail price of 100 percent orange juice by 13 percent during MY 2015/16 -- a result of reduced orange production in Brazil and the related increase in average Frozen Concentrated Orange Juice (FCOJ) prices. Carbonated orange juice-based beverages are the only category with increased consumption in Japan, and it is expected to continue to grow in MY 2016/17. However, the percentage of orange juice in carbonated drinks is generally low (i.e., below 5 percent). Accordingly, these beverages do not contribute to higher consumption rates of orange juice. As the low-calorie beverage trend continues in MY 2016/17, and therefore FAS/Tokyo expects domestic consumption will decrease 500 MT, a 1 percent decrease compared to MY 2015/16.

## Trade

In MY2015/16, Japan's total imports of orange juice decreased 15 percent from the previous year to 73,143 MT (on a 65 Brix equivalent). This decline is attributed to large purchases made during MY

2014/15 when the price of Brazilian orange juice concentrate was low. Brazil is the largest supplier of orange juice to Japan, accounting for about 70 percent of Japan's total orange juice imports. In MY2015/16, Japan's import of U.S. orange juice was 480 MT on a 65 Brix basis; a 13 percent increase from the previous year (423 MT), but accounting for only 0.7 percent of total Japanese imports.

Japan's imports of Mexican orange juice has been growing dramatically since the implementation of the Mexico-Japan economic partnership agreement (EPA) in 2005, under which Mexico continues to enjoy a significant advantage over other FCOJ suppliers (see policy section). Mexican exports of FCOJ to Japan recovered by 11 percent in MY2015/16 due to reduced supplies of Brazilian orange juice. Another alternative source to Brazilian orange juice was Spain, whose exports increased 37 percent in MY 2015/16.

Although relatively high world orange juice prices are expected to continue in MY 2016/17, if Brazilian orange production is restored to its historically average level, orange juice prices are expected to decrease. Furthermore, higher prices have depleted Japanese stocks, and lower prices are expected to encourage Japan to increase imports to replenish them. FAS/Tokyo therefore estimates total Japanese imports of orange juice to increase 9 percent to 80,000 MT (on a 65 Brix equivalent) in MY 2016/17.

#### **Japanese Orange Juice Imports (MT at a 65 Brix equivalent)**

	<b>MY 2013/14</b>	<b>MY 2014/15</b>	<b>MY 2015/16</b>
<b>World</b>	<b>76,374</b>	<b>86,352</b>	<b>73,143</b>
United States	577	423	480
<i>Market Share:</i>	<i>0.8%</i>	<i>0.5%</i>	<i>0.7%</i>
Brazil	50,682	62,248	49,481
Mexico	8,630	7,831	8,675
Israel	10,948	9,319	6,954
Spain	378	2,409	3,279
Italy	2,775	2,826	2,627
Uruguay	444	400	526
Costa Rica	458	290	242
Australia	180	152	203
Others	1,301	455	675

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 2009.11 (frozen) and 2009.19 (non-frozen), kiloliter is multiplied by 1.3154 to get metric ton, and for single strength orange juice 2009.12, kiloliter is multiplied by 0.1897 to get metric ton at a 65 Brix equivalent.

## Prices:

### Japanese Average Import Prices of Orange Juice (U.S. Dollars/liter)

#### 1) Frozen Concentrated Orange Juice (HS code: 2009.11)

	<b>MY 2013/14</b>	<b>MY 2014/15</b>	<b>MY 2015/16</b>
United States	3.08	2.94	3.22
Brazil	2.83	2.70	2.42
Mexico	3.17	3.17	3.13
Israel	2.84	2.68	2.61
Spain	-	2.56	2.38
Italy	2.94	2.47	2.35

Source: Global Trade Atlas

#### 2) Non-Frozen Concentrated Orange Juice (HS code: 2009.19)

	<b>MY 2013/14</b>	<b>MY 2014/15</b>	<b>MY 2015/16</b>
United States	4.24	4.47	4.27
Brazil	2.98	2.79	2.58
Israel	1.94	1.94	1.95
Spain	-	2.58	2.61

Source: Global Trade Atlas

#### 3) Non-Frozen, Non-Concentrated Orange Juice (HS code: 2009.12)

	<b>MY 2013/14</b>	<b>MY 2014/15</b>	<b>MY 2015/16</b>
United States	1.53	1.42	1.28
Spain	0.92	0.76	0.80
Australia	1.72	1.52	1.48

Source: Global Trade Atlas

## 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. Japan granted Mexico

preferential tariff-quotas on all orange juice line items with in-quota duties reduced by half. As a result, Mexico has continued to enjoy 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 2005 EPA. As a result, Japan extended the quota provisions and accelerated tariff reductions for Mexican orange juice, beginning in April 2012. Depending on the tariff code, the in-quota tariff rate will be lowered to either: 1) 5.3 percent; 2) 6.3 percent; or 3) whichever is the greater of 7.4 percent or 5.7 yen per kilogram. The quota for Mexican FCOJ (HS 2009.11 and 2009.19) is set in Japanese Fiscal Year (JFY, April - March) 2016 at 7,000 MT. The quota for orange juice other than FCOJ (HS 2009.12) set at 5,000 MT in JFY2016.

As shown in the chart below, depending on the tariff code, out-of-quota imports of Mexican orange juice face the WTO tariff rate of either: 1) 21.3 percent; 2) 25.5 percent; or 3) whichever is greater of 29.8 percent or 23 yen per kilogram.

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>

### **The Japan-Australia Economic Partnership Agreement (EPA):**

The Japan-Australia Economic Partnership Agreement has been in effect since January 15, 2015. Under this EPA, Japan granted Australia preferential tariff quotas on all orange juice line items with reduced tariffs. For JPY 2016, the annual quota is set at 1,300 MT and in-quota tariff rates are set below.

### **Import Duties (Orange Juice):**

<b>Japan: Import Duties 2016</b>				
Tariff Code (HS)	Description	WTO Duty Rate (%)*	EPA Mexico Rate (%)*	EPA Australia Rate (%)*
2009.11-110	Orange juice, frozen, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained	25.5%	6.3%	12.8%
2009.11-190	Orange juice, frozen, containing added sugar, other	29.8% or 23 yen/kg, whichever is the greater	7.4% or 5.7yen/kg, whichever is the greater	14.9% or 11.5yen/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%	5.3%	10.7%

2009.11-290	Orange juice, frozen, not containing added sugar, other	25.5%	6.3%	12.8%
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%	6.3%	12.8%
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	7.4% or 5.7 yen/kg, whichever is the greater	14.9% or 11.5yen/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%	5.3%	10.7%
2009.12-290	Orange juice, not frozen, of a Brix value not exceeding 20, not containing added sugar, other	25.5%	6.3%	12.8%
2009.19-110	Orange juice, other, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained	25.5%	6.3%	12.8%
2009.19-190	Orange juice, other, containing added sugar, other	29.8% or 23 yen/kg, whichever is the greater	7.4% or 5.7 yen/kg, whichever is the greater	14.9% or 11.5yen/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%	5.3%	10.7%
2009.19-290	Orange juice, other, not containing added sugar, other	25.5%	6.3%	12.8%

Source: Customs Tariff Schedules of Japan as of June 07, 2016 (latest as of Dec 15, 2016)

\* all duties are charged on a CIF basis

## Lemon and Lime

### PS&D Table

**Note:** Beginning with this Annual, FAS/Tokyo has incorporated data for domestic citrus varieties with similar functionality to lemons and limes to the PS&D data. The addition has resulted in significant changes to some numbers compared to previous PS&Ds. Those changes are outlined in the narrative below.

Lemons/Limes, Fresh Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Japan						
Area Planted	0	0	0	0	0	0
Area Harvested	500	4400	500	4500	0	4600
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0

<b>Production</b>	10	51	10	52	0	53
<b>Imports</b>	51	51	50	51	0	52
<b>Total Supply</b>	61	102	60	103	0	105
<b>Exports</b>	0	0	0	0	0	0
<b>Fresh Dom. Consumption</b>	58	75	57	74	0	74
<b>For Processing</b>	3	27	3	29	0	31
<b>Total Distribution</b>	61	102	60	103	0	105
(HECTARES) ,(1000 TREES) ,(1000 MT)						

## Production

The harvested area and production of lemons and other flavorful acidic citrus varieties have grown steadily over recent decades in Japan. The increase in acidic citrus contrasts with the continuous decline observed for other major citrus products, such as Unshu mandarins and navel oranges. Strong consumer preferences for local lemons, which consumers believe have lower chemical residues compared to imports, is driving local growth. This consumer preference became particularly strong when media coverage popularized a trend in pickling lemon peels. This trend created negative impressions toward imported lemons, which are required to label the post-harvest treatment of fungicides. Japanese citrus frequently apply the same chemicals, but are not required to label their use as fungicides are applied pre-harvest – a key legal distinction in Japan.

Hiroshima prefecture, located 450 miles west of Tokyo, is the largest domestic producer of lemons with approximately 6,500 MT in 2015, and accounting for 60 percent of domestic lemon production. Regions within Hiroshima, such as the town of Setoda, which produce 30 percent of Japan’s lemons, market their lemons as premium “Eco-lemon”. Eco-lemon is defined as production with reduced use of agrochemicals and synthetic fertilizers. Given this consumer preference and steady demand of domestic lemons, FAS/Tokyo estimates Japan’s lemon harvest area to remain at 500 hectares, with production volumes increasing slightly to 10,500 MT in MY 2016/17.

Besides lemons, Japan grows many other types of citrus whose consumption is functionally similar to lemon and lime. Major local varieties are “Yuzu” (*Citrus junos*), “Kabosu” (*Citrus sphaerocarpa*), and “Sudachi” (*Citrus sudachi*), of which Yuzu has the largest planted area and production. Similar to lemons, Yuzu production has been steadily increasing and was approximately 24,000 MT in 2015 -- approximately double the level 20 years ago. Yuzu fruit are about 100-120 grams and produce in two seasons, between July to August and October to December. Summer Yuzu is green in color and is mainly used for seasoning in mixtures with chili peppers. Winter Yuzu is yellow and is used for multiple purposes including seasoning. Although the functionality of Yuzu is similar to lemon, Japanese consumers treat them as distinct flavors and scents.

Both Sudachi and Kabosu are used like limes in Japan, and are harvested when they are immature and green to maximize their scent and flavor. Sudachi is 25-50 grams and Japan produced about 5,000 MT in 2015 at a gradual decline of 2-5 percent annually. Kabosu is slightly larger in size compared to Sudachi at 100-150 grams. Domestic production of Kabosu was approximately 5,500 MT in 2015. Cultivation and distribution of Sudachi and Kabosu are limited to specific regions in Japan, limiting their competitiveness with lime in the Japanese market.

Given these unique citrus varieties, overall Japanese production of lemons and other flavorful acidic citrus totaled 52,000 MT in MY 2015/16. FAS/Tokyo anticipates consumer preference for domestic lemons and citrus similar to lemon to grow steadily, and as a consequence of acreage expansion by 2 percent, overall production will increase by 2 percent to 53,000 MT in MY 2016/17.

## Consumption

Fresh lemons, as well as other unique lemon-like citrus in Japan, are largely consumed in the food sector as a garnish or as a seasoning agent in food, beverages, and as an ingredient in salad dressings. For MY 2015/16, Japan's total consumption of lemons was 61,000 MT (of which 10,500 MT was from domestic production). However, the total consumption for all flavor-adding, acidic citrus varieties was 103,000 MT (of which 74,000 MT was consumed fresh and 29,000 were processed). As introduced above, domestic lemon producers have been benefited from consumers' perception of food safety due to the lack of agrochemical names on their product labels. The Japanese Government regards agrochemicals that are applied post-harvest as food additives, and Japan's labeling legislation requires their display at the point-of-sale. As Japanese farmers apply the same chemicals pre-harvest, domestic produce are not required to display the agrochemical names at the point-of-sale, despite containing similar chemical residues.

The leading use for domestic varieties of acidic citrus is for a wide range of processed products such as salad dressing, yuzu teas using peeled skins, comfitures, liqueur, and miso. In MY 2015/16, nearly 70 percent of domestic variety production (excluding lemons) was used for processing.

Another common use of Yuzu, lemon and lime is in citrus flavored alcoholic beverages known as "lemon sour" or "lemon chuhai". Reduced lemon production in 2011 contributed to a marketing campaign that popularized whiskey-soda beverages. According to sources, lemon-based cocktails have nearly a third of the alcoholic beverage market share in Japan, and sales are growing again. Industry has observed a 2-3 percent increase in lemon consumption associated with increased sales of lemon-based cocktails. Although lemon prices remain relatively high, members of Japan's alcoholic beverage industry anticipate further growth of lemon-based cocktails, and therefore of lemons.

Considering these trends, Post estimates that Japan's MY 2016/17 lemon consumption will be 62,000 MT, with domestic market share accounting for 17 percent at 10,500 MT. Total flavorful, acidic citrus consumption is forecast at 105,000 MT, including lemon, lime, and Japanese varieties such as Yuzu.

## Trade – Imports

### Japanese Lemon Imports (MT)

	MY 2012/13	MY 2013/14	MY 2014/15	MY 2015/16
World	48,895	49,123	49,323	48,734
United States	34,806	32,916	30,519	29,462
<i>Market Share:</i>	<i>71%</i>	<i>67%</i>	<i>62%</i>	<i>60%</i>

Chile	12,164	14,376	16,724	17,641
Others	1,925	1,832	2,081	1,631

Source: Global Trade Atlas

Although total lemon imports decreased by 1 percent in MY 2015/16, FAS/Tokyo anticipates an increase in lemon consumption and hence imports in MY2016/17. FAS/Tokyo estimates a 2 percent increase in the import of fresh lemons to 49,000 MT.

The United States is the largest supplier of fresh lemons to Japan, with a market share of about 60 percent of imports. In MY 2015/16, imports of U.S. fresh lemons decreased about 3 percent to 29,500 MT as U.S domestic demand increased and prices for U.S. fresh lemons were high. Although the good reputation of the U.S. lemons continues to attract Japanese traders and consumers, FAS/Tokyo anticipates continued tight supplies and high prices in MY 2016/17. Therefore, Post estimates fresh lemon imports from the U.S. to Japan to decline a further 3 percent to 28,500 MT in MY 2016/17.

Chile is the second largest supplier of fresh lemons to Japan with 36 percent of the market share, approximately 17,500 MT in MY 2016/17. Chile supplies fresh lemons between June and October, when U.S. lemons are generally unavailable. Fresh lemons from Chile also compensated for the decrease in U.S. supplies in MY 2015/16, increasing their market share by five percent from the previous MY. In addition, Chilean lemons have benefited from lower prices compared to U.S. fresh lemons. FAS/Tokyo expects Japanese traders to further increase imports from Chile by 10 percent to 19,500 MT in MY 2016/17.

Mexico has the highest market share of limes with 2,200 MT of exports to Japan in MY 2015/16. This quantity has been stable over several years, and FAS/Tokyo anticipates that Japan will continue to import the same level of limes for MY 2016/17 as well.

### Trade – Exports

Japan does not export any fresh lemons or limes. There is demand for Yuzu in Southeast Asia and Europe. Japan began exporting Yuzu to France in 2012, but the quantity was limited due to plant protection and quarantine issues.

### Prices:

#### Japan: Fresh Lemon and Lime Prices – Import, Wholesale, Retail

Import CIF Prices		Wholesale Prices		Retail Prices	
MY 2015/16	US \$ / KG	MY 2015/16	JPY / KG	MY 2015/16	JPY / KG
October	1.81	October	283	October	785
November	2.49	November	265	November	778
December	2.32	December	314	December	706
January	2.21	January	334	January	698
February	2.15	February	322	February	701
March	2.07	March	297	March	671
April	2.17	April	306	April	685
May	2.30	May	319	May	726



June	2.13	June	323	June	698
July	1.76	July	318	July	707
August	1.66	August	299	August	698
September	1.64	September	267	September	734

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:**

No major changes occurred during the reported marketing year.

### **Import Duties:**

#### **Japan: Import Duties 2016**

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

Source: *Customs Tariff Schedules of Japan as of June 07, 2016 (latest as of Dec 15, 2016)*

\* *all duties are charged on a CIF basis*