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Global Agricultural Information Network

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Japan

Stone Fruit Annual

2019 Stone Fruit Annual

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Report Highlights:

Japan's commercial cherry production in marketing year (MY) 2019/20 is estimated to fall six percent to 15,200 metric tons (MT) on colder temperatures during the flowering stage and reduced acreage. Meanwhile, strong U.S. production portends an increase in imports of fresh cherries, projected to soar 31 percent to 4,300 MT in MY 2019/20. As weather related damages over the past two years continue to impact Japan's peach growing regions, FAS/Tokyo forecasts a production drop of nearly 12 percent to 100,000 MT in MY 2019/20. Currently, no country has market access for fresh peaches due to phytosanitary concerns. Imports of U.S. nectarines are expected to remain stable at around 300 MT.

Key words: JA9106, stone fruit, cherry, peach, nectarine

Commodities:

Fresh Cherries,(Sweet&Sour)

Fresh Peaches & Nectarines

Cherries:

PS&D

Fresh Cherries, (Sweet&Sour) Market Begin Year Japan	2017/2018		2018/2019		2019/2020	
	Apr 2017		Apr 2018		Apr 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4750	4750	4700	4740	0	4730
Area Harvested	4360	4360	4300	4350	0	4340
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	17200	17200	16700	16200	0	15200
Non-Comm. Production	1900	1900	1800	1900	0	1800
Production	19100	19100	18500	18100	0	17000
Imports	5238	5238	3000	3285	0	4300
Total Supply	24338	24338	21500	21385	0	21300
Fresh Dom. Consumption	22618	22618	19800	19765	0	19600
Exports	0	0	0	0	0	0
For Processing	1720	1720	1700	1620	0	1700
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	24338	24338	21500	21385	0	21300

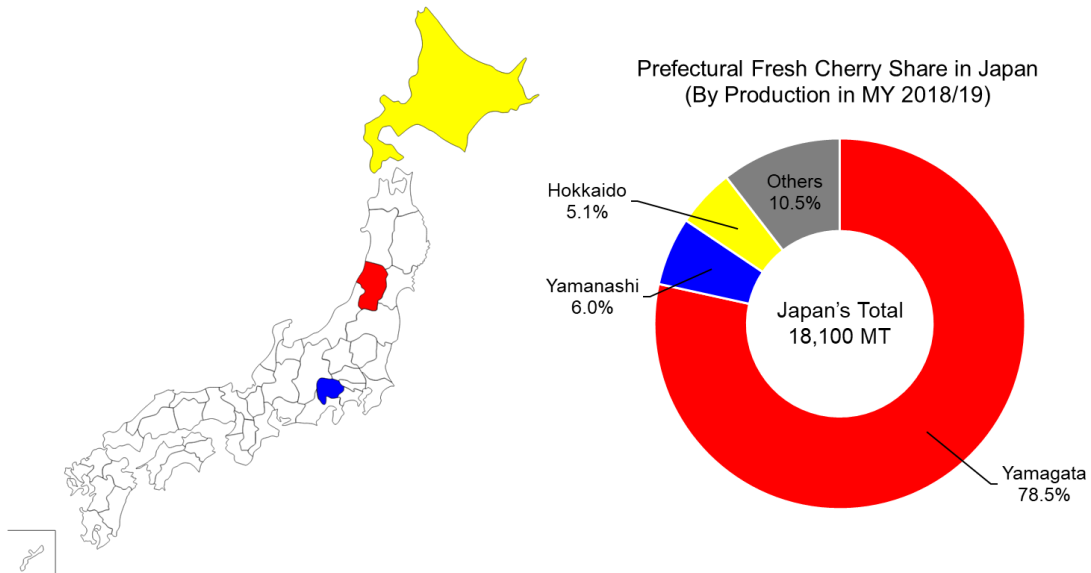
(HA) ,(1000 TREES) ,(MT)

Crop Area

Gradual decline of the crop area for cherry production in Japan continued in MY 2018/19, primarily due to aging farmers, the lack of successors, and shortages of labor. As a result, fresh cherries planted and harvested area in MY 2018/19 declined to 4,740 hectares (ha) and 4,350 ha, respectively. FAS/Tokyo forecasts that this year-on-year reduction trend will continue in MY 2019/20, cutting an additional ten hectares in planted and harvested areas.

The prefecture with the largest production of fresh cherries is Yamagata, located 250 miles north of Tokyo, which accounts for nearly 80 percent of domestic fresh cherry production (indicated in red in Fig. 1). Yamagata has high temperature fluctuations between day and night, providing ideal growing conditions for sweet cherries. Yamanashi prefecture (blue in Fig. 1), the second largest production area in Japan, is located south of Yamagata. Yamanashi's cherry production sites are located at the base of mountain ranges, which provides an adequate growing climate.

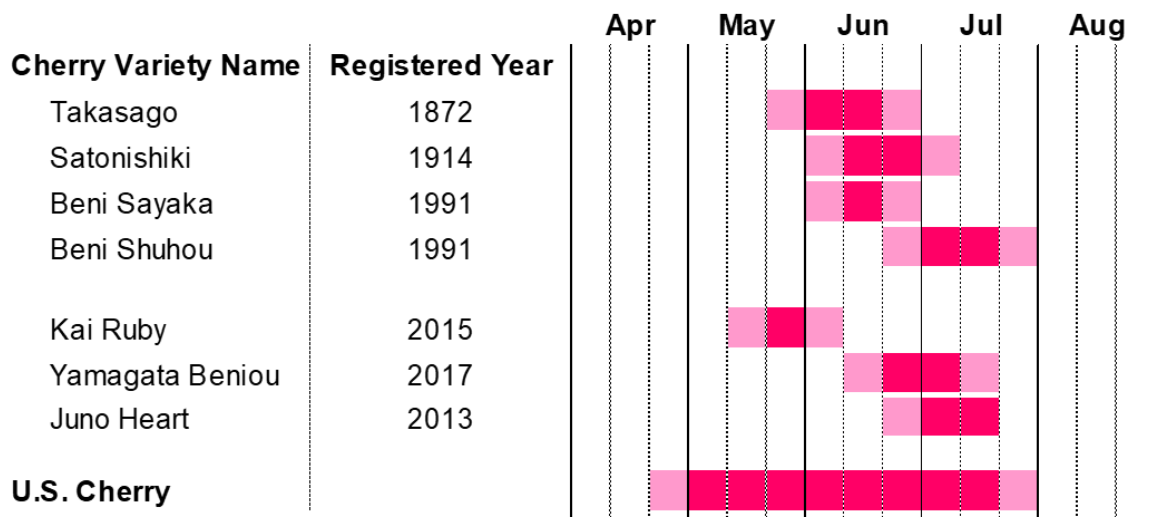
Fig. 1 – Japan’s Major Cherry Growing Areas by Prefecture in MY 2018/19



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

The “Satonishiki” cherry variety has long been the most popular in Japan, accounting for more than 80 percent of the total production. Although the dominance of “Satonishiki” continues, Japanese cherry breeders are strategically developing other varieties to fill consumer demand outside of the peak “Satonishiki” season. The major sweet cherry varieties grown and developed in Japan are indicated in Fig. 2.

Fig. 2 – Japan’s Major Varieties and Cultivation Calendar



■ - Indicating peak season

Source: FAS/Tokyo

Recently developed varieties have two major focuses, early maturation and filling the gap between “Satonishiki” and “Beni-Shuhou,” the second most cultivated variety. Between late-March to mid-May, there is no domestic fruit in peak season, and U.S. fruits, such as fresh oranges, grapefruits, and sweet cherries, have a strong presence at retail. Early maturing varieties target this period, and the Japanese cherry breeding program is successful enough to gradually move the domestic cherry season forward.

Production

In MY 2018/19, due to relatively higher pre-harvest fruit drops, the average number of fruit per branch fell slightly from MY 2017/18. In combination with decline in acreage, Japan’s total cherry production was down five percent to 18,100 MT, of which 16,200 MT was commercially distributed.

In MY 2019/20, there was temperature drop observed in Yamagata prefecture, Japan’s main production area, during flowering time. Although there was no significant impact on numbers of flower sets or blooms, the colder temperatures slowed down bee activity, hence pollination, resulting in reduced numbers of fruit sets per branch. Together, with slightly reduced acreage, FAS/Tokyo estimates Japan’s total cherry production to decline by six percent to 17,000 MT, of which 15,200 MT is forecast for commercial distribution.

Consumption

In MY 2018/19, Japan’s total fresh cherry supply fell by 12 percent, to 21,385 MT, as both domestic production and imports decreased. While Japan’s MY 2019/20 fresh cherry production is estimated to decline, this domestic supply reduction will be mostly leveled off by increased imports from the United States (see “Trade” section for more details). Therefore, FAS/Tokyo estimates the fresh cherry consumption will remain almost flat at 21,300 MT in MY 2019/20.

Regardless of whether cherries are imported or domestically produced, they are mostly consumed fresh in Japan, and only around ten percent is estimated to be processed (e.g. syrups or jams).

Marketing

Fresh domestic cherries have long been recognized as a symbolic fruit for early summer, and both consumers and retailers enjoy having fresh cherries on market shelves starting as early as mid-May (for imported U.S. cherries) and late-May (for domestic early varieties). In addition to retail sales, “premium” cherries are sold as summer gifts in Japan, and FAS/Tokyo estimates that approximately 30 percent of domestically produced cherries fall into this category. However, both the volume and money spent on summer gifts has been gradually reducing, particularly among younger generations, indicating the “gift culture” is declining in practice. To counter, there has been a surge in online marketing for fresh cherries. Additionally, the “Furusato Nouzei” (translated as “Hometown tax”) system is effectively offsetting the reduced summer gift demands for Yamagata prefecture. The “Furusato Nouzei” system was initially introduced in 2007, and became widely popular with legislative changes made in

2015. Under this system, taxpayers can make donations to local municipalities and gain income tax and residence tax credits in return. Furthermore, each local municipality returns local produce as “appreciation gifts” to donors. “Premium” fresh cherries are one of the most popularly gifted items.

Trade

The United States is almost the sole supplier of imported fresh cherries to Japan. In MY 2018/19, reduced U.S. cherry production resulted in higher prices and Japan’s fresh cherry imports dropped 37 percent from MY 2017/18, to 3,285 MT. In MY 2019/20, the National Agricultural Statistics Service (NASS) estimates increased production in the United States. Accordingly, FAS/Tokyo estimates the volume of cherry imports in MY 2019/20 will increase to 4,300 MT, up 31 percent from MY 2018/19. Japan’s fresh cherry exports remain negligible (approximately one MT).

The two key factors for the success of imported U.S. cherries, also known as “American cherries” in Japanese markets, are sales in early May and price. Good sales during this period create a positive reputation for the U.S. cherries for the season. Competitors for U.S. cherries at this time are fruits with year-round availability such as bananas and kiwis. These fruits are often sold in a smaller units (e.g. by piece), hence at a lower price point. Therefore, U.S. cherries need to have price competitiveness against these fruits, and retailers often pressure distributors of U.S. cherries to lower their prices. Strong production in the United States tends to result in better quality with a lower price, and thus U.S. production is closely linked to the success of U.S. cherries in the Japanese market.

Policy

There have been no policy changes that affect the production of fresh cherries in Japan during MY 2018/19. The import tariff of fresh cherries (HS code: 0809.29) is 8.5 percent.

Peaches and Nectarines:

PS&D

Fresh Peaches & Nectarines Market Begin Year	2017/2018		2018/2019		2019/2020	
	Jan 2017		Jan 2018		Jan 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Japan						
Area Planted	10500	10500	10400	10400	0	10300
Area Harvested	9700	9700	9600	9680	0	9650
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	115100	115100	112200	104400	0	94500
Non-Comm. Production	9800	9800	9800	8800	0	7000
Production	124900	124900	122000	113200	0	101500
Imports	200	165	100	282	0	300
Total Supply	125100	125065	122100	113482	0	101800
Fresh Dom. Consumption	109600	109555	106100	99256	0	86800
Exports	1700	1710	2500	1726	0	1500
For Processing	13800	13800	13500	12500	0	13500
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	125100	125065	122100	113482	0	101800
(HA) ,(1000 TREES) ,(MT)						

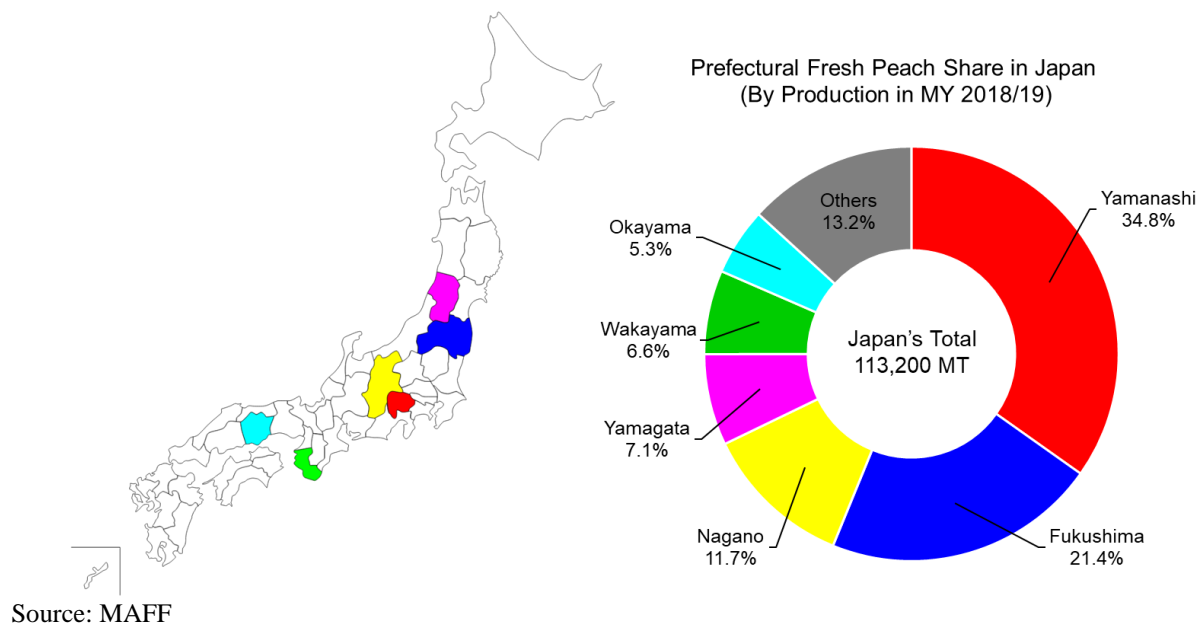
Crop Area

Similar to fresh cherries, aging farmers, lack of successors, and labor shortages are common issues for peach growers. Therefore, gradual decline of the crop area is ongoing for peach production as well. Accordingly, the fresh peach planted and harvested areas in MY 2018/19 declined slightly. FAS/Tokyo forecasts the continuation of these slight year-on-year reduction trends in MY 2019/20.

Nectarine production outside of Nagano, which accounts for roughly 80 percent, is limited. The harvested areas for the nectarines in Japan remain flat at 100 ha in MY 2019/20.

There are three major peach production regions in Japan; Eastern Japan, Central Japan, and Western Japan areas (Fig. 3). Among these areas, the Central Japan region, mainly represented by Yamanashi (in red in Fig. 3) and Nagano prefectures (in yellow in Fig. 3), accounts for 46.5 percent of the total peach planted. Fukushima prefecture (Eastern Japan illustrated in blue in Fig. 3) has the second largest acreage for fresh peaches in Japan. Peaches produced in the Eastern and Central Japan regions supply the Greater Tokyo Area (total population of around 40 million). Although the Western Japan region comprises only 12 percent of the total planted area, it is the main supplier for the western parts of Japan. Varietal differences may diminish geographical effects, but peach harvests typically begin in Western Japan and gradually move east.

Fig. 3 – Japan's Major Peach Growing Areas by Prefecture in MY 2018/19



Production

High temperatures and low precipitation during the maturation period in June and July reduced the fruit size of fresh peaches in MY 2018/19. The fresh peach yield was decreased 9.3 percent to 11.7 MT per ha in MY 2018/19, compared to 12.9 MT per ha in MY 2017/18. As a result, total fresh peach production for MY 2018/19 was down 9.5 percent to 111,500 MT. With nectarine production at 1,700 MT, the total production in MY 2018/19 was 113,200 MT.

Weather related damages in growing regions during the past two years will continue to impact production in MY 2019/20. In Western Japan, up to ten percent of peach trees, particularly in Wakayama prefecture, were damaged from a typhoon in fall 2018. For the Central Japan region, frost and hail damage in April and May decreased the fruits per branch. Furthermore, cloudy weather with much lower-than-average temperatures during the peach maturing window in July prevented enlargement and resulted in watery and less-sweet fruit. However, the later peak harvest in the Eastern region compared to Western and Central Japan allowed those peaches time to recover once the weather became favorable in late July. Based on these environmental impacts, FAS/Tokyo forecasts a decrease in the total peach production of 11.7 percent to 100,000 MT in MY 2019/20.

For nectarines, FAS/Tokyo forecasts production to be slightly reduced to 1,500 MT in MY 2019/20, compared to 1,700 MT in the previous MY, due to unfavorable weather conditions in growing areas. Therefore, the overall production will be 101,500 MT in MY 2019/20, down 10.3 percent compared to the previous MY.

Consumption

Domestically, peaches and nectarines are produced for fresh consumption, but approximately eight to twelve percent of total production is used for processing due to insufficient product quality (e.g. size, color and sweetness/brix values). In MY 2018/19, an estimated volume of 12,500 MT was processed, while 99,256 MT, or 87.5 percent of the total supply, was consumed fresh.

This year's reduced supply caused an average 30 percent price hike for fresh peaches in early July. This price increase may further reduce fresh peach consumption by discouraging consumers at retail. Furthermore, unfavorable weather conditions may reduce the percentage of fruit that satisfies Japanese product standards. Still, there is not much demand for processed peach products nor processing capacity for the extra volume of non-satisfying peaches. Therefore, FAS/Tokyo forecasts Japan's total MY 2019/20 peach distribution to drop 11.6 percent to 100,000 MT.

Total nectarine consumption is estimated to remain flat at 1,800 MT, as decline in domestic production is offset by increasing imports. As a total, 101,800 MT of peaches and nectarines are forecast to be consumed in MY 2019/20.

Marketing

Japan's fresh peach season begins in late June and runs until early September. Prime market placement occurs in July and August, in competition with melons, watermelons, and grapes.

Sweetness, rather than size and appearance, is the most important consumer attribute in fresh peaches. Approximately 20 percent of traditional peach farmer production is marketed as premium. Generally, half of the premium peaches are marketed directly to consumers, while the other half is sorted at Japan Agriculture (JA) facilities¹ for distribution to high-end supermarkets.

However, younger farmers find that direct marketing through social media and online markets are more profitable, and tend to avoid traditional distribution channels through JA. Sources described the ratio of their distribution as 50 percent as premium, 30 percent to high-end retailers, and 20 percent to JA or local consumption. These young farmers have found a way to market their peaches directly to consumers through the internet and social media at higher prices than they would receive from JA or export markets, once the reliability of their products establishes trust with their consumers.

¹ JA, the local growers association, is engaged in various activities in support of agriculture in Japan, including, for example, supplying production inputs, offering credit and insurance programs, providing farm guidance, and marketing farm products.

Trade

In MY 2018/19, Japan exported 1,726 MT of fresh peaches, primarily to Hong Kong, valued approximately \$16 million. The Japanese government, as well as peach growers, want to explore more export market opportunities due to decline in both domestic population and per capita consumption. However, the estimated reduced domestic production is unlikely to provide volumes for additional exports. Therefore, FAS/Tokyo forecasts fresh peach exports to fall 13 percent to 1,500 MT. Hong Kong will remain the primary destination, followed by Taiwan.

No country, including the United States, has market access for fresh peaches to Japan due to phytosanitary concerns. Therefore, Japan's import statistics for HS code: 0809.30 only represents nectarine imports.

In MY 2018/19, nectarine imports increased 70 percent from 165 MT to 282 MT. FAS/Tokyo forecasts this trend to continue, and estimates MY 2019/20 imports will increase to 300 MT, up 6.3 percent year-over-year.

Policy

There have been no policy changes on peaches and nectarines in last year. See the 2017 Japan Stone Fruit Annual ([JA7107](#)) for more comprehensive details.

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