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PRODUCTION

Reflecting favorable market prices, the area planted to cherry trees (all sweet cherry varieties) in Japan has been steadily increasing at an annual rate of 4-6 percent since 1989, and this upward trend continues. Production has ranged from 13,600 MT to 17,600 MT annually during this period. Total fruit-bearing area, at 3,190 hectare (HR), was up 5.3 percent in 1995 from the previous year, with cherry production rising 12.5 percent. Stronger production growth reflected that fact that 1994 production was extremely poor due to frost damage in Yamagata Prefecture in mid April.

Japanese production consists entirely of sweet cherries; there are no tart cherries produced in Japan. Average yield in 1995 was 4.8 metric tons per hectare compared with 4.5 tons in 1994. Yamagata Prefecture, about 250 miles north of Tokyo, continues to be the leading sweet cherry production area, supplying 11,600 metric tons or 76 percent of the total 1995 crop.

The sweet cherries grown commercially in Japan are all "light colored" varieties, such as Royal Ann (called Napoleon in Japan) and Sato-nishiki.

Their appearance is similar to the Rainier variety in the United States. Dark sweet cherry varieties such as Bing and Lambert are not commercially produced.

CONSUMPTION

Japanese demand for sweet cherries for fresh consumption continues strong. Consequently, a relatively large share of annual cherry output is destined for the fresh market. Of the total 1995 cherry harvest, industry estimates that roughly 10,400 MT (68%) were sold for fresh consumption, with the remaining 4,900 MT (32%) used for canning. All imports are believed to be consumed fresh.

Prices

Average wholesale prices for domestically-produced sweet cherries in 1994 and 1995 were fairly stable at 1,836 yen per kilogram and 1,866 yen, respectively (see table below). Prices for U.S. cherries averaged 1,089 yen per kilogram in 1995, up significantly from 900 yen per kilogram the previous year. Despite this big jump, the price levels registered in 1995 reportedly provided a "reasonable" profit margin for Japanese importers and distributors of U.S. cherries in last year's market.

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AVERAGE WHOLESALE PRICES FOR FRESH CHERRIES IN JAPAN 1/

	... Domestic U.S.		Price of U.S. Cherries As Percent of Domestic
	YEN/Kg	\$/Box 2/	Yen/Kg	\$/Box 2/	
1991	1,921	127	1,330	88	69
1992	2,040	144	1,150	81	56
1993	1,629	136	1,021	85	62
1994	1,836	165	900	81	49
1995	1,866	198	1,089	115	58

1/ Represents average wholesale prices of fruits and vegetables at wholesale markets located in cities with a population more than 200,000.

2/ 20 lb. Box equivalent basis.

Note: Average exchange rates (yen to one U.S. dollar):

July 1991: 137	July 1994: 100
July 1992: 127	July 1995: 85
July 1993: 108	

Source: Ministry of Agriculture, Forestry and Fisheries.

TRADE

Japanese imports of U.S. sweet cherries have increased significantly since the 1992 marketing season, when the GOJ's annual "entry date" requirement was abolished. This policy had been maintained to guarantee a "stable market" for domestically produced cherries. Since 1992, imports of U.S. cherries have ranged annually from 12,000 MT to 15,600 MT, depending to a large degree on U.S. growing conditions. This compares to an annual import level of 5,800 MT to 8,800 MT for pre-1992 seasons.

U.S. producers dominate Japan's sweet cherry import market (holding a 99.8% share). U.S. sweet cherries enter the Japanese market as early as mid-May from California, with the Pacific Northwest (Washington and Oregon) season starting in early June. The U.S. shipments continue through mid-July. New

Zealand ships a very small volume of sweet cherries to Japan in December, taking advantage of a counter seasonal window. Japanese imports of U.S. sweet cherries totaled a whopping \$124 million dollars, on a CIF basis in 1995.

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JAPANESE IMPORTS OF FRESH CHERRIES
(Metric Tons)

ORIGIN	CY1992	CY1993	CY1994	CY1995
-----	-----	-----	-----	-----
U.S.A.	12,574	12,633	15,633	12,182
New Zealand	43	34	32	25
TOTAL	12,617	12,667	15,665	12,207

Source: Customs Bureau, Ministry of Finance.

AVERAGE IMPORT VALUE FOR FRESH CHERRIES
(YEN PER KILOGRAM, CIF 1/)

ORIGIN	CY1992	CY1993	CY1994	CY1995
-----	-----	-----	-----	-----
U.S.A.	835	806	697	863
New Zealand	1,823	1,856	2,012	2,000

1/ Average Exchange Rate (yen to one U.S. dollar):
1992=127; 1993=112; 1994=103; 1995=93

Source: Customs Bureau, Ministry of Finance.

MARKETING

U.S. sweet cherries have established a very firm footing in the Japanese market, albeit for a relatively short and intense season. They are known among Japanese consumers as "American Cherries," in sharp contrast to Japan's own "Sakuranbo." U.S. sweet cherries are now considered essential products for the Japanese fresh produce market and many Japanese retailers, especially supermarkets, celebrate the first seasonal arrival of "American Cherries" with a flurry of marketing activity. In fact, American Cherries are often utilized as the key promotional item to kick off Japan's spring American food fairs.

POLICY

The current duty on imports of fresh cherries (HS code: 0809.20-000) is 9.8 percent, CIF basis. Imports are limited to five approved varieties, although phytosanitary approval for two additional varieties is currently under discussion bilaterally. The USG is also seeking to streamline the existing treatment and inspection protocol, with a proposal to transfer certain duties from MAFF inspectors to U.S. authorities.

Another issue of potential concern for all U.S. fruits and vegetables exported to Japan is the Japanese penchant for generating food safety "scares," particularly about imported fresh produce. Such scares usually

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involve detections of residues believed to be caused by post-harvest application of chemicals before storage or during packing operations.

Anti-import groups often fuel these incidents by helping generate negative, one-sided press or television reports. U.S. exporters should keep in mind that Japan's Food Sanitation Law does not permit residues of fungicides applied post-harvest, unless a food additive tolerance has been established by the Ministry of Health & Welfare.

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Global Economic Data Exchange System
Commodity: Fresh Cherries (Sweet & Sour) (0579305) (HA) (MT)
Beg. Month/Year of Marketing Year:

	01/92	01/93	01/94	01/95	01/96
	1992	1993	1994	1995	Forecast 96

Area Planted	3,410	3,570	3,680	3,850	4,000
Area Harvested	2,730	2,860	3,030	3,190	3,360
Commercial Production	13,900	15,700	12,100	13,600	14,000
Non-Comm. Production	1,400	1,900	1,500	1,700	1,800
TOTAL Production	15,300	17,600	13,600	15,300	15,800
TOTAL Imports	12,617	12,667	15,665	12,208	13,000
TOTAL SUPPLY	27,917	30,267	29,265	27,508	28,800
Domestic Fresh Consump	22,917	24,567	24,965	22,608	24,000
Exports, Fresh Only	0	0	0	0	0
For Processing	5,000	5,700	4,300	4,900	4,800
Withdrawal From Market	0	0	0	0	0
TOTAL UTILIZATION	27,917	30,267	29,265	27,508	28,800
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