

Japanese Market for Fresh Bananas

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Introduction

Japan is the largest importer of agricultural products in the world. Japan's imports of fresh fruits are also growing and will continue to do so for the coming future. The United States is the most important supplier to Japan, providing roughly one-third of Japan's agricultural imports. However, there was no fresh or processed bananas imported from United States.

The import volume of fresh bananas has increased enormously since 1992, rising 19,6% in volume to 929,700 Mts and ¥46.6 billion in 1994. The Philippines is the largest supplier of fresh bananas to Japan, accounting for 73.6 percent of the Japanese market share of fresh bananas. This market is controlled by a few companies; Dole, DelMonte and Sumifru own or contract with all of the banana plantations in the Philippines to supply Japan with bananas. Ecuador is the second largest supplier, followed by Taiwan and Indonesia.

Indonesia sends bananas to Japan from roughly 3,000 hectares of plantations on Halmahera Island and on Sumatera. Indonesia's volume has increased from zero in 1992 to 32,044 Mts in 1994. There is opportunity for this volume to increase in the future, but Indonesia producers should be aware of the competition they are likely to face from Central and South American countries who are being shut out of the EU trade because of EU preference for ACP (Africa, Caribbean, and Pacific) bananas.

Domestic Production

If there is production of bananas in Japan, it is not large enough to be commercially important.

Historical Imports

The Japanese imported 929,700 MTs of fresh bananas worth ¥46.6 billion. This was the highest level in the last five years in term of volume, but the lowest level in term of value. This is most likely due to the appreciation of the yen versus other currencies.

Except for the 1992 the Japanese import of fresh bananas has been increasing since 1990, with the Philippines accounting for a majority of the market each year. Since 1990, imports of bananas from the Philippines have increased by almost 100,000 Mts. In 1994, imports of bananas from Ecuador stood at 146,734 Mts, 20,000 Mts more than in 1990 but down almost 6,000 Mts from 1992 and 1993. Similarly, imports from Taiwan in 1994 (56,119 Mts) were down almost 10,000 Mts from 1992-1993 levels.

Indonesia supplied no bananas until 1993, when 22,065 Mts of Indonesian product was exported to Japan. Other supplying countries include Costa Rica, Colombia, China and Australia. Imports from Panama, which reached 18,205 Mts in 1992, ceased in 1993. Similarly, imports from Honduras ceased in 1994.

Import Market Share

In the last five years, the Philippines have been the largest supplier. In 1990, the Philippines accounted for 77.3 percent of all Japanese imports, followed by Ecuador with 16.6 percent and Taiwan with 4.3 percent. The Philippines accounted for 73.6% of the market in 1994 followed by Ecuador (15.8%) , Taiwan (6.0%), and Indonesia (3.4%).

The market share of fresh bananas during the period of 1990-1994 from those countries above stayed in the same order. Although the Indonesian market share of fresh bananas in 1994 was only 3.4%, it represents an increase in

exports of 45.2% from the previous year.

Import Seasonality

An analysis of Japanese monthly imports of fresh bananas for 1994 shows that import levels were very high during the period of March-June, averaging 93,844 Mts per month. During the period January-February and also December, import levels were the lowest of the year, around 60,000 Mts per month.

In 1994, April was month of heaviest imports of fresh bananas, with over 101,461 Mts arriving in this month. Fresh bananas from Philippines and Ecuador enter all of the year with the highest months being April and August, respectively. The fresh bananas from Taiwan came during the period of January - August with May being the largest months for imports from this country. Indonesia shipped its product during the period of January - October, with the highest levels shipped in May and the lowest in February.

Thailand and China shipped their product all of the year but their contribution every month was quite small. Colombia contributed 2,675 Mts of product during April, while Costa Rica supplied 3,876 Mts of product during the period January-April.

Exports

In 1994, Japan exported 12 Mts of bananas to the Philippines (value: ¥467,000). This is most likely product that for whatever reason (phytosanitary, bad quality) is sent back to the Philippines after arriving from Japan.

Apparent Consumption

The apparent consumption (production + import - export) in 1994 for the Japanese fresh bananas was 929,687 Mts.

Distribution Systems

The Japanese systems for marketing fresh fruits and vegetables including bananas is commonly referred to as one of the most complicated in the world, involving a large number of wholesalers, middlemen, and distributors.

Imported fresh bananas are marketed in several different ways. From wholesale market volume statistics, it appears that less than half of all imported bananas are sold through the wholesale market system. Most imported bananas are then sold by either Dole, DelMonte or Sumifru directly to supermarkets, other retailers, and distributors.

Prices/Unit Value

The average annual price of fresh bananas has declined for the past three years in Japanese wholesale markets, from ¥153/kg in 1992 to ¥95/kg in 1994 for fresh ripe, and from ¥127/kg in 1992 to ¥69/kg for the fresh green bananas. The volume of fresh in 1992 is 377,323 MTs; 450,366 MTs in 1993 and 411,453 MTs in 1994 for fresh ripe banana. For fresh green bananas, the volume has been increasing from 1992; 226,510 MTs; 246,529 MTs in 1993 and 283,501 MTs in 1994.

An analysis of monthly wholesale market volume for 1994 shows that April-June is the busiest period for ripe bananas, while November is the least busy month. Similarly, April-June is a busy period for green bananas, as is September-November.

Import Regulations

The trust of Japan's modern plant quarantine laws has been to identify injurious pest and diseases, so as to prevent their spread in Japan. Compliance with the required documentation as it relates to quarantine will reduce potentially harmful delays to imports.

However, Japan has some of the strictest phytosanitary regulations in the world. Even if product is not banned, if Japanese inspectors find bugs or pests, they will fumigate the product, lessening its value and sometimes destroying it. Therefore, exporters must send clean shipments free of insects.

Currently, fresh mature banana are banned for entering Japan because of oriental fruit fly (*Bactocera dorsalis*). Green bananas, however, are free to enter Japan because they are not fruit fly hosts.

Tariff Rates

Bananas fall under the tariff heading no.0803.00-100. There are two kinds of tariff for bananas, preferential and general (Indonesia receives preferential tariff rates):

1. Bananas imported between April and September are subject to 40% general tariff or 20% preferential tariff.
2. Bananas imported during the period of October - March are subject to 50% general tariff or 20% preferential tariff.

Indonesian Export Prospect

Bananas are admittedly a huge import item for the Japanese market, accounting for over half of all fruits imports. Bananas imports are also increasing each year. Bananas are a big investment, however. Indonesia currently has about 3,000 ha of banana plantations which send bananas to Japan, but shipments are generally not enough to fill a banana boat, so boats have to stop in the Philippines on the way to Japan to pick up more bananas. In addition, some Indonesian exporters are already looking at other markets for their bananas, complaining that the Japanese market is oversupplied. The imported Indonesian bananas mostly come from Halmahera.

The Japanese imports of fresh bananas has a huge value accounting for more than ¥46 billion every year. So with good cooperation between the Indonesian exporters, farmers, and government in improving the bananas quality, and supported by the existing improvement land fertility, there is still a possibility for Indonesia to take over the Ecuador as the second largest supplier of fresh bananas to Japan after the Philippines.

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