



Marketing Guide - Nuts & DryFruits

1. Definition of Category

This category includes nuts and dried fruits other than peanuts, which are classified as beans for regulatory purposes.

Commodity	HS Numbers
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Nuts

Almonds	0802.11-100, 11-200, 12-100, 12-200
Chestnuts	0802.40-000
Pistachios	0802.50-000
Walnuts	0802.31-000, 32-000
Cashew nuts	0801.30-000
Macadamia nuts	0802.90-200
Hazelnuts	0802.21-000, 22-000
Other Nuts	0801.10-000, 20-000, 0802.90-100, 90-300, 90-400

Dried Fruits

Raisins	0806.20-000
Prunes	0813.20-000
Persimmons	0813.40-022
Apricots	0813.10-000
Figs	0804.20-090
Berries	0813.40-010
Bananas	0803.00-200
Other	0804.10-000, 30-090, 50-090, 0813.30-000, 40-021, 40-029

2. Import Trends

(1) Recent Trends in Nuts and Dried Fruit Imports

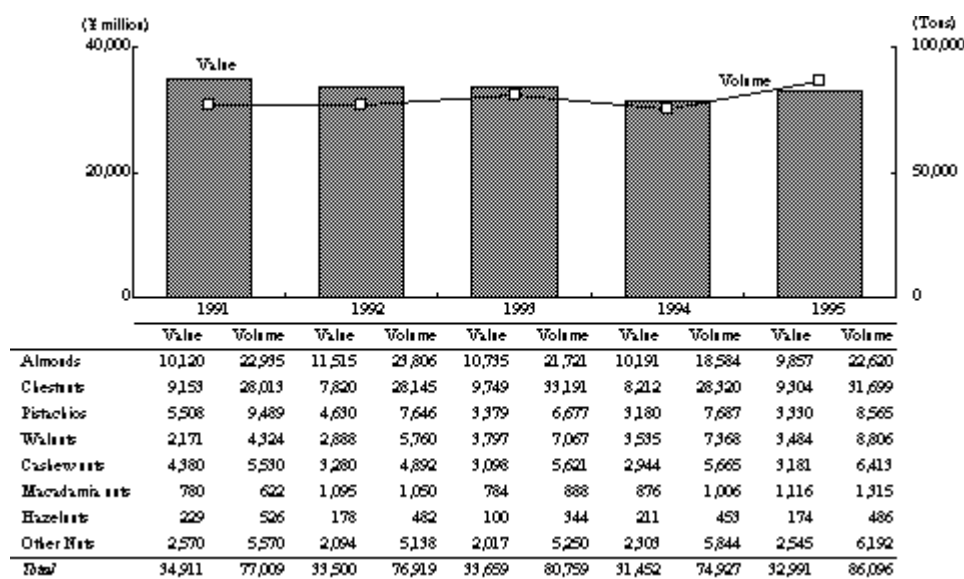
A look at the trends in imports in the past five or so years shows that imports of nuts have grown due to the increase in demand for cashew nuts and macadamia nuts as table nuts and the growing applications for nuts as confectionery ingredients or ingredients for Chinese style dishes. Striking growth has also been shown by walnuts, which Japan imported 8,806 tons of in 1995 or about double the amount back in 1991. This was largely due to the use of walnuts in various types of food as a result of an aggressive public relations campaign conducted in Japan by the walnut industry association of the United States - the leading supplier - so as to promote demand in Japan.

Overall, nut imports have been bolstered by the growth in walnuts and cashew nuts and have grown steadily though fluctuating slightly depending on the year. Dried fruit imports, on the other hand, have remained flat despite steady imports of raisins, which account for the majority of the imports, due to the cessation of growth in prunes, persimmons, and apricots.

Japan does not import much prepared products at all. Most of the nuts and dried fruit are imported for domestic processing.

The trends in imports of the main types of nuts and dried fruit are shown in the following table.

Japan's Nut and Dried Fruit Imports



Unit: Value = Million Yen, Volume = Tons Source: Japan Exports & Imports

Note: These totals do not reflect imports of roasted nuts and other items classified under HS#2008.19, for which there are no accurate statistics.

Note: These figures do not include totals for dried oranges, lemons and other citrus fruit, which are not differentiated from fresh fruit under the HS classification system.

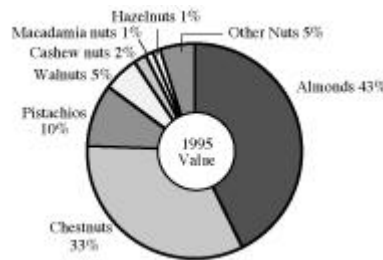
(2) Imports by Place of Origin

Leading exporters of nuts and dried fruits differ for each type of nut and fruit. Typically, the leading exporter of a particular product accounts for most of Japan's imports of that product. The following table lists the leading exporters of nuts and dried fruit to Japan (1995). In addition, Japan imports 90% of its cashew nuts from India, most of its macadamia nuts, though small in

volume, from Kenya, and about 90 percent of its hazelnuts from Turkey.

Principal Exporters of Nuts to Japan Japan's Nuts Imports by Category

Nuts	Principal Exporter	1995			
		Value	Share	Volume	Share
Almonds	USA	9,683	98.2%	22,315	98.7%
Chestnuts	China	7,431	79.9%	29,327	92.5%
Pistachios	Iran	2,818	84.6%	7,489	87.4%
Walnuts	USA	3,023	86.8%	7,102	80.6%
Cashew nuts	India	3,069	96.4%	6,197	96.6%



Unit: Value = Million

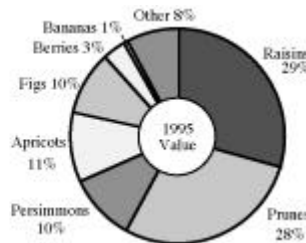
Yen, Volume = Tons

Source: Japan Exports & Imports

Principal Exporters of Dried Fruit to Japan Japan's Dried Fruit Imports

by Category

Dried Fruits	Principal Exporter	1995			
		Value	Share	Volume	Share
Raisins	USA	3,775	89.0%	25,785	88.2%
Prunes	USA	3,293	99.9%	14,253	99.9%
Persimmons	China	876	92.9%	5,414	98.8%
Apricots	USA	295	58.8%	354	29.2%
Figs	USA	213	100.0%	678	100.0%



Unit: Value = Million

Yen, Volume = Tons Source: Japan Exports & Imports

(3) Imports' Share of the Japanese Market

Japan's entire supply of almonds, cashews and pistachios is imported. Japan does produce some walnuts, but domestically produced walnuts fall far short of imports in terms of quantity and price. Imports thus hold most of the walnut market as well.

Japan does not grow the types of grape that are best suited for processing into raisins. Thus, its entire supply of raisins is imported. The same is the case for prunes. Up until 1989 statistics were kept on domestic production of persimmons by the Fruit and Flower Division of the Ministry of Agriculture, Forestry and Fisheries, and by comparing those figures with import statistics from the Ministry of International Trade and Industry's Japan Exports & Imports it can be concluded that imports accounted for about 40% of the persimmon market in 1989. As there are no statistics on domestic persimmon production from 1990 onward, so it is unclear exactly how large a share imports command, but share of imports reached 55 percent in 1933, and imports are increasing in absolute terms.

3. The Importing and Distribution Process

(1) Legal Regulations and Administrative Procedures

1) Plant Protection Law

Imports of non-heat-processed nuts and dried fruits are subject to provisions of the Plant Protection Law. The Law prohibits the importation of unshelled walnuts from the countries listed

in the following table.

Countries/Areas Subject to Unshelled Walnut Import Ban

The people's Republic of China, Burma (Myanmar), India, Pakistan, Afghanistan, Iraq, Syria, Lebanon, Israel, Jordan, Iran, Turkey, Cyprus, Europe, the former Soviet Union, Africa, Canada, United States (except for the Hawaiian island; same hereafter), Colombia, Brazil, Peru, Bolivia, Chile, Uruguay, Argentina, Australia, New Zealand.

(However, this does not apply to unshelled walnuts of some varieties that are imported directly from the United States to Japan without passing through another country and are in compliance with standards set by the Minister of Agriculture, Forestry and Fisheries.)

(Enforcement Regulation for the Plant Protection Law)

The following varieties of dried fruit are not subject to provisions of the Plant Protection Law.

Dried Fruits Not Covered by the Plant Protection Law

Apricot, fig, persimmon, kiwifruit, plums, pears, dates, coconut, pineapple, banana, papaya, grape, mango, peach, litchi

Imports of other non-heat-treated nuts and of dried fruits other than those listed above must be accompanied by a Phytosanitary Certificate issued by the competent government agency of the exporting country. The importer must submit this certificate along with an "Application for Inspection of Plants and Import-Prohibited Articles" to the Plant Protection Station, where a plant quarantine inspector will inspect the cargo for harmful plant or animal pests. The following graphic provides a flowchart for these procedures.

Japan's Plant Quarantine Procedures

Note: Some roasted nuts or other heat-treated nuts may be exempted from plant quarantine inspection depending on the degree of heat treatment applied. The Plant Protection Station is authorized to make the assessment as to whether quarantine inspections are required.

2) Food Sanitation Law

Nuts and dried fruit that have passed the plant quarantine inspection must then submit a Notification Form for Importation of Foods, etc. along with other required documentation to the quarantine station at the port of entry as required by provisions of the Food Sanitation Law. Examinations are performed as required based on a review of the import report form, and a determination is made as to whether the merchandise may or may not be imported into Japan. Nuts are inspected for the presence of aflatoxin, while dried fruit is inspected for additives. Prospective importers should note, however, that other inspections may be required depending on the type of raw material or manufacturing process employed.

In February 1996, Japan began setting up a system for facilitating monitoring of food imports under which quarantine service offices of the Ministry of Health and Welfare, importers, and inspection organizations authorized by the Ministry are being connected with each other on-line. This system is designed to speed clearance of procedures.

The following graphic provides a flowchart of procedures required under the Food Sanitation Law.

Examinations Required by the Food Sanitation Law

3) Measurement Law

Sealed wrapping materials or other containers for items specified by cabinet order are required to list the content volume and the name and address of the manufacturer (or importer). The Law requires that content volume be stated correctly within a specified range of deviation.

(2) Regulatory Agency Contacts

Plant Protection Law:

Plant Protection Division, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries

TEL: 03-3502-8111

Food Sanitation Law:

Food Sanitation Division, Environmental Health Bureau, Ministry of Health and Welfare TEL: 03-3503-1711

Measurement Law:

Weights and Measures Office, Machinery and Information Industries Bureau, Ministry of International Trade and Industry TEL: 03-3501-1511

4. Labeling Procedures

<Legally Required Labeling>

Provisions of the Food Sanitation Law and the Measurement Law require the labeling of nuts and dried fruit sold in Japan to display the following items on the exterior of the wrapping or container in a readily visible location.

* Product name

* Date of processing, manufacture or import

(the latter if the item is imported and the date of processing is not known; converts to freshness expiration date as of April 1, 1995)

However, cans, bottles, barrels or jars may abbreviate the date. Other forms of packaging may omit the date.

* Name and business address of importer

* Name of food additives, if any

* Content volume (listed as specified by the Measurement Law)

* Proper use and preservation instructions (if specified)

Note: Some of the items covered by this report consist of minimally dried nuts and fruits meant to be consumed relatively soon, as well as raw chestnuts, ginkgo nuts and other products that often are treated as varieties of fresh fruit. The Food Sanitation Law allows these items to use abbreviated labeling. For more complete information, please contact the Food Sanitation Division, Environmental Health Bureau, Ministry of Health and Welfare.

5. Tax Laws and Regulations

(1) Customs Duties

A number of different tariff rates apply to these products under various classifications. Please refer to the following table for more complete information.

HS No.	Description	Rate of Duty (%)				
		General	WTO		Preferential	Temporary
			3/ 31/ 96	4/ 1/96		
0801	Cocoanuts, brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled					
[11] & 19	Cocoanuts	6%	5.5%	5%	Free	
[21] & 22	Brazil nuts	4%	(5.5%)	(5%)	Free	
[31] & 32	Cashew nuts	Free	(Free)	(Free)		
0802	Other nuts, fresh or dried, whether or not shelled or peeled					
[11] & 12	Almonds:					
-100	1 Bitter almonds	Free	(Free)	(Free)		
-200	2 Sweet almonds	4%	3.7%	3.5%	2.4% *Free	
[21] & 22-000	Hazelnuts or filberts (<i>Corylus spp.</i>)	10%	9.3%	8.7%	Free	
[31] & 32-000	Walnuts	10%	(18.3%)	(16.7%)		
40-000	Chestnuts (<i>Castanea spp.</i>)	15%	14.9%	13.9%		
50-000	Pistachios	Free	(7.5%)	(6%)		

HS No.	Description	Rate of Duty (%)				
		General	WTO		Preferential	Temporary
			3/ 31/ 96	4/ 1/96		
0802.90	Other:					
-100	1 Betel nuts	Free	(Free)	(Free)		
-200	2 Macadamia nuts	5%	(10.8%)	(9.7%)	3% *Free	
-300	3 Pecans	5%	(8.3%)	(7.5%)		
-400	4 Other	20%	18.7%	17.3%		
0803.00-200	Bananas, including plantains (dried)	6%	5.5%	5%	Free	
0804.10-000	Dates	Free	(Free)	(Free)		
20-090	Figs (dried)	10%	9.3%	8.7%	5% *Free	
30-090	Pineapples (dried)	12%	11.2%	10.4%	7.2% *Free	
50-090	Guavas, mangoes and mangosteens (dried)	6%	5.5%	5%	Free	
0806.20-000	Grapes (dried)	2%	1.9%	1.7%		
0813	Fruit, dried; mixtures of nuts or dried fruits					
10-000	Apricots	15%	14%	13%		
20-000	Prunes	4%	3.7%	3.5%		
30-000	Apples	15%	14%	13%		
40-010	Berries	12%	(14%)	(13%)		
-021	Papayas, pawpaws, durians, bilimbis, champeder, jackfruit, bread-fruit, rambutan, rose-apple jambo, jambosa diambookaget, chico mamey, cherimoya, sugar-apples, bullock's-heart, passion-fruit, dookoo kokosan, soursoop and litchi		13.8%	12.5%	7.5% *Free	
-022	Persimmons, dried		14%	13%		
-029	Other fruit		14%	13%		
0813.50	Mixtures of nuts or dried fruits of this Chapter					
-010	Mixtures containing more than 50% by weight of a single nut or dried fruit constituent	10%	9.3%	8.7%		
-090	Other	20%	18.7%	17.3%		

Note 1: HS numbers enclosed in angular brackets indicate shelled nuts.

Note 2: * in Preferential rates denote the produce from the least Less Developed Countries is tariff free.

Note 3: Different tariff rates apply to roasted nuts and other prepared nuts classified under HS#2008.19 depending on their shape and the processing method employed. Contact customs officials for more information.

(2) Consumption Tax

(CIF + Customs Duty) x 3%

6. Product Characteristics

Japan imports many different types of nuts and dried fruits, but the leading imported items may be generally characterized as follows.

<Nuts>

Almonds

There are two types of almonds: sweet almonds and bitter almonds. Sweet almonds are grown in the United States, while bitter almonds are grown in Europe. Almost all Japanese imports come from the United States. Depending on their intended use, almonds can be either skinned, unskinned, sliced or powdered. In most cases almonds are imported raw and then processed after reaching Japan and used to make various types of confections.

Chestnuts

Industry sources say that most chestnuts imported into Japan consist of a variety grown in Hobei Province in China. Almost all imported chestnuts come from China, although imports from South Korea have been increasing. Japan imports only a very small quantity of chestnuts from Italy, but those imports are used as a raw material for making marron glacé.

Pistachios

Pistachios grown in France, Spain and Sicily have a reputation for being the best, although they are also grown in Iran, Turkey and the United States. Most Japanese imports come from Iran.

Walnuts

Most walnuts are imported shelled. The United States is the leading exporter to Japan, and its exports are growing. There are some walnut growers in Nagano Prefecture in Japan, but their operations are very small, prices are high and supplies are unpredictable. Accordingly, imports dominate the market.

Cashews

Cashews are native to the tropical regions of Brazil. They are grown in Brazil, India and Africa. Most Japanese imports come from India. Cashews are mainly used in snack foods, Chinese-style cuisine and pickles. However, they are also being more widely used in pulverized, sliced and powdered form to make snack confections and noodles.

<Dried Fruit>

Raisins

Raisins are made from Thompson seedless grapes and Santana grapes, and are produced mainly in California in the United States. American raisins have the largest share of the world raisin market, and most raisins imported into Japan come from the United States. Furthermore, Japan is America's largest export partner in raisins.

About 80% of all raising are used to make raisin bread. Another 10% is used to make cookies, and the remaining 10% is sold directly to consumers.

Prunes

Prunes are dried plums made from a type of plum not grown in Japan. Almost all of Japan's imports come from the United States. Prunes are high in iron and other minerals, and they are growing in popularity as a type of health food. Prunes are sold both pitted and unpitted, and pitted prunes are usually imported in that form. 60% of all sales go direct to consumers, while 40% goes to making prune extract for use in health foods.

Persimmons

Almost all Japanese imports come from Hobei and Shandong Provinces in China. More than 70% of all Chinese persimmon exports go to Japan.

7. The Japanese Distribution System and Business Practices

(1) Japanese Market Conditions

There have been no major fluctuations in the nuts and dried fruits market. The reason is that most nuts and dried fruits are not consumed directly by individuals, but rather used as raw materials for making confections, breads and pastries. Individual Japanese consumers are unaccustomed to eating nuts and dried fruits, and their relatively high prices compared to beans that are already part of Japanese culinary culture have limited growth in direct consumer sales.

However, consumer tastes are changing, shifting away from a preference for almonds to cashews and macadamia nuts. Nuts and dried fruits are being used in a wider variety of preparations than in the past, and interest in health foods and gourmet foods has boosted their popularity . Observers expect more varieties of nuts and dried fruits to be available in the market and to be used in a broader range of culinary settings.

(2) Distribution Channels

Nuts and dried fruits are usually distributed not directly to consumers but rather to food processors through commercial food distribution channels for use in making confections, breads and pastries.

Prepared products are packaged by the importer and distributed through food wholesaler or confection wholesaler channels. Raw nuts and dried fruits are sold to food processors, who reformulate the material into commercial products, put them in small-lot packages, and distribute them through food and confection wholesaler channels to the retail market.

Food processors such as confection makers use large quantities of nuts and dried fruits, and they

often buy directly from the importer or processor. Smaller food processors buy from confectionery supply wholesalers. Products destined for bars or other drinking establishments for use as snack food are distributed through food and confection wholesalers to snack food wholesalers.

The following graphic illustrates the primary distribution channels for nuts and dried fruits.

Distribution Channels for Nuts & Dried Fruits

(3) Points to Consider When First Entering the Japanese Market

The nut and dried fruits business is highly competitive in Japan, and prospective market entrants must carefully study consumer tastes and market trends. They must be especially careful about health considerations, and should be completely versed in the requirements of the Food Sanitation Law and the Plant Protection Law.

8. After-Sales Service

After-sales service is generally not required.

9. Related Product Categories

1) Raw peanuts are subject to import quotas. They are also subject to provisions of the Food Sanitation Law and the Plant Protection Law. Prospective importers need to be aware of these requirements.

2) Chocolates containing almonds, macadamia nuts or other nuts, or fruit cakes containing raisins or other dried fruits are exempted from plant quarantine requirements if it can be confirmed that they have been heat-treated. However, these items are subject to requirements of the Food Sanitation Law.

10. Direct Imports by Individuals

Imports of nuts and dried fruits for personal consumption are exempted from requirements of the Food Sanitation Law. However, non-heat-treated, non-processed nuts and dried fruits is subject to requirements of the Plant Protection Law.

11. Importer Organization and Industry Contacts

* Japan Dried Fruits Importers Association (c/o Shoei Foods Industry Co., Ltd.

5-7 Akihabara, Taito-ku, Tokyo 110 TEL: 03-3253-1211

* California Prune Board

Pacific Bldg. 3F, 1-5-3 Higashi Azabu, Minato-ku, Tokyo 106 TEL: 03-3584-0866

* Japan Nut Association

Inose Bldg. 6F, 1-2-9 Saga, Koto-ku, Tokyo 135 TEL: 03-3820-5491

* Raisin Administrative Committee

Senzoku Point D, 2-15-14 Senzoku, Meguro-ku, Tokyo 152 TEL: 03-3718-1810