

14. Oranges

1. Definition of Category

Fresh oranges. The HS code number below, however, includes dried oranges.

HS Numbers	Commodity
0805.10-000	Oranges

2. Import Trends

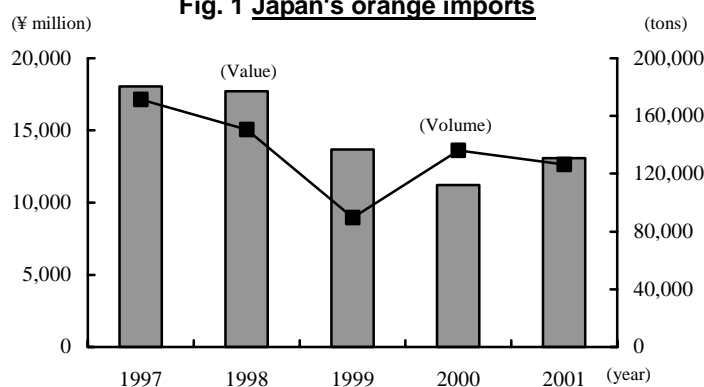
(1) Recent Trends in Orange Imports

Orange imports have fluctuated with production trends in producing countries and domestic demand trends in Japan, but from 1992 through 1998 imports moved in a range from 150,000 to 190,000 tons annually. This compares with total imports of 145,000 tons in 1990, the year prior to import liberalization.

The largest producer of oranges exported to Japan is California of the United States. In late 1998 California was hit with a destructive cold wave that damaged much of the navel orange crop. Yields of Valencia oranges, which are harvested later, were also down significantly. As a result, American orange exports to Japan tumbled from 131,866 tons in 1998 to just 46,204 tons in 1999, a decline of 65.0%. Japan made up for part of the decline in American exports by importing more from other producing nations, such as South Africa, Australia and Spain. Even so, total orange imports sagged by 40.3%, to 89,703 tons. Moreover, average prices of imported oranges jumped by about 30% compared to a normal year, while the quality was down (oranges not as sweet, and smaller in size). The result was a dramatic falloff in demand for imported oranges.

The United States recorded a bumper crop of oranges in 2000, and import prices dropped to just half the level of the year before. However, import volume has yet to recover, and 2001 imports of 126,203 tons (down 7.3% from the year before) still fall below the target levels set after deregulation of imports.

Fig. 1 Japan's orange imports



		1997		1998		1999		2000		2001	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Oranges		171,269	18,042	150,470	17,714	89,703	13,680	136,150	11,207	126,203	13,083
(Average price per ton)		10,534		11,772		15,250		8,231		10,367	
Ref.	Lemons/limes	89,423	17,649	86,445	17,104	84,597	14,370	91,728	13,180	84,333	13,471
	Grapefruits	283,773	31,124	229,905	26,232	262,416	27,163	272,278	27,338	268,650	27,330
	Orange juices	79,815	15,223	73,858	17,300	80,791	17,428	78,578	14,162	95,339	15,855

Units: volume=tons, value=¥ million, average price per ton=¥
(Note) includes both fresh oranges and dried oranges

Source: Japan Exports and Imports

Today grapefruit is the most commonly imported citrus fruit in Japan. 2001 import volume of 268,650 tons was far greater than that of oranges, and now ranks grapefruit in second place as an imported fresh fruit, behind only bananas. Orange juice imports now exceed orange fruit imports on a value basis (¥15.855 billion). Orange juice extract is mostly imported in the form of 1/5 juice concentrate, and then flavorings are added to make orange juices in Japan.

(2) Imports by Place of Origin

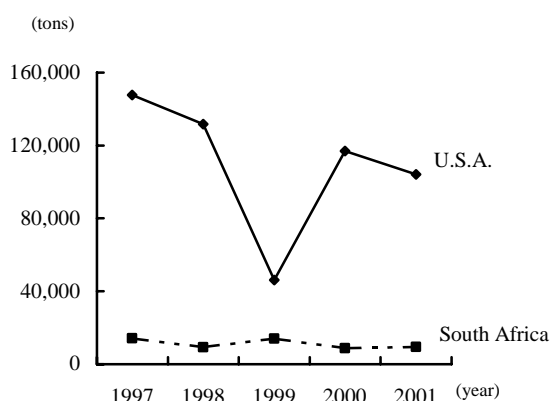
Fresh fruit imports tend to come from a limited number of exporter nations, owing to producer area and plant quarantine restrictions. In many product categories a single exporter nation has an import share of 80-90% or more. The United States enjoys a commanding lead in most categories of citrus fruits, including oranges, grapefruit, and lemons and limes. In a normal year the U.S. has an import share of 80-85% in these categories.

As a result of the aforementioned cold wave, the United States saw its import share in oranges drop in 1999 to 51.5%. Correspondingly, imports rose dramatically from South Africa, Australia and Spain, which together registered an import share of 40% in 1999. Trading companies that carry oranges tried to make up for the shortfall through spot purchases, but the quality was uneven, and some had to be destroyed during the distribution process.

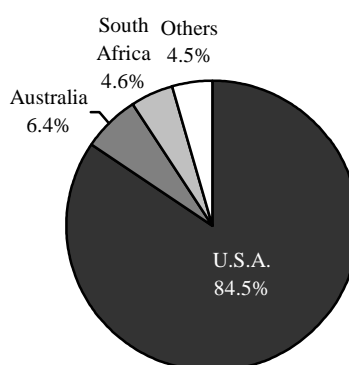
As American production and exports to Japan rebounded in 2000, imports from other countries declined once again, and the United States regained an import share of over 80% on both a volume and value basis. Orange imports from Chile skyrocketed from 1,153 tons to 3,680 tons in 2001, lifting Chile above Spain in the rankings.

Fig. 2 Leading exporters of oranges to Japan

Trends in import volume by leading exporters



Shares of orange import in 2001 (value basis)



	1997	1998	1999	2000		2001			Average price per ton	
	Volume	Volume	Volume	Volume	Value	Volume	Value	Value		
U.S.A.	147,624	131,866	46,204	116,951	9,572	104,152	82.5%	11,055	84.5%	10,614
South Africa	14,161	9,210	13,846	8,547	548	9,337	7.4%	605	4.6%	6,480
Australia	8,385	7,357	12,460	6,245	633	7,238	5.7%	841	6.4%	11,619
Chile	87	25	539	1,153	105	3,680	2.9%	389	3.0%	10,571
Spain	518	893	9,512	2,950	321	1,216	1.0%	146	1.1%	12,007
Others	494	1,119	7,141	304	27	580	0.5%	48	0.4%	8,276
TOTAL	171,269	150,470	89,703	136,150	11,207	126,203	100.0%	13,083	100.0%	10,367
(E U)	518	893	9,512	2,950	321	1,216	1.0%	146	1.1%	12,007

Units: volume=tons, value=¥ million, average price per ton=¥

Source: Japan Exports and Imports

(3) Imports' Market Share in Japan

Japan's leading domestic citrus fruit is Unshu mandarins. Japan produces only small quantities of navel oranges. Some domestic orange goes into juice making, while some imported oranges are dried oranges. This makes it impossible to calculate imports' market share in the strictest sense. Roughly, however, imported oranges account for about 87% of the orange market (except for 1999). (see Fig. 3)

The leading fresh fruit products of Japan are Unshu mandarins and apples, which together account for the majority of domestic fruit production. Unshu mandarin production exceeded 3.0 million tons annually during the 1970s, but production has been on a downward trend ever since. This trend has resulted from a lower price point brought about by orange import liberalization, as well as fewer successors to retiring mandarin growers and production adjustments by existing growers. During the 1990s Unshu mandarin production fluctuated in a range from 1.1 million to 1.7 million tons per year. As is the case with olives, mandarins naturally alternate between high-yielding years and low-yielding years. 2000 was a low-yielding year, and Unshu mandarin production totaled 1.143 million tons that year.

Fig. 3 Imports' share in the Japanese market (reference)

	1996	1997	1998	1999	2000
Domestic oranges	25	24	21	22	19
Imported oranges	171	171	150	90	136
Domestic supply total	196	195	171	112	155
Imports' share	87.2%	87.7%	87.7%	80.3%	87.7%

Unit: 1,000 tons

Sources: Domestic oranges: Production and Shipment of Fruits Statistics (April – March)

Imported oranges: Japan Exports and Imports (Jan. – Dec.)

Fig. 4 Domestic production of main citrus fruit (reference)

	1995	1996	1997	1998	1999	2001
Unshu mandarins	1,378	1,153	1,553	1,192	1,447	1,143
<i>Iyokan</i>	173	198	202	211	187	188
<i>Hassaku</i>	75	77	79	68	62	67
Navel oranges	26	25	24	21	22	19

Unit: 1,000 tons

Source: Production and Shipment of Fruits Statistics (April – March)

3. Key Considerations related to Importing

(1) Regulations and Procedural Requirements at the Time of Importation

The importation in Japan of oranges is subject to provisions of the Plant Protection Law and the Food Sanitation Law.

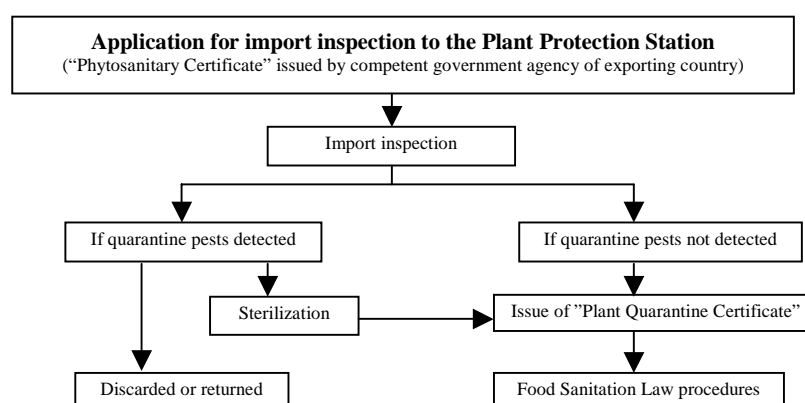
1) Plant Protection Law

Under the Plant Protection Law, in order to prevent the entry and spread into Japan of harmful microorganisms, insect pests, and parasites that would cause serious damage to crops and forest resources of Japan,

- No root crops with soil attached can be imported into Japan.
- No host fresh (frozen) vegetables of the Mediterranean fruit fly, the Colorado leaf beetle, the citrus burrowing nematode, etc. from or through the infested area are allowed into Japan.

There is a separate list of import-prohibited items for every infested area. If one of these import-prohibited items is brought to Japan, an order will be issued to burn and the like. Upon arrival at the port of entry, the importer must promptly submit to the Plant Protection Station an “Application for Import Inspection of Plants and Import-Prohibited Articles” along with a “Phytosanitary Certificate” issued by the competent government agency of the exporting country. Importers should note that only certain ports of entry equipped with plant quarantine facilities are designated for plant imports. If an infestation is detected, and then the importer will be ordered to decontaminate, discard, or return to the shipper.

All fresh fruit is inspected upon landing. If a disease or pests are discovered, it is fumigated by cyanide gas (in the case of scale insects, thrips, white flies, and cockroaches) or methyl bromide gas.

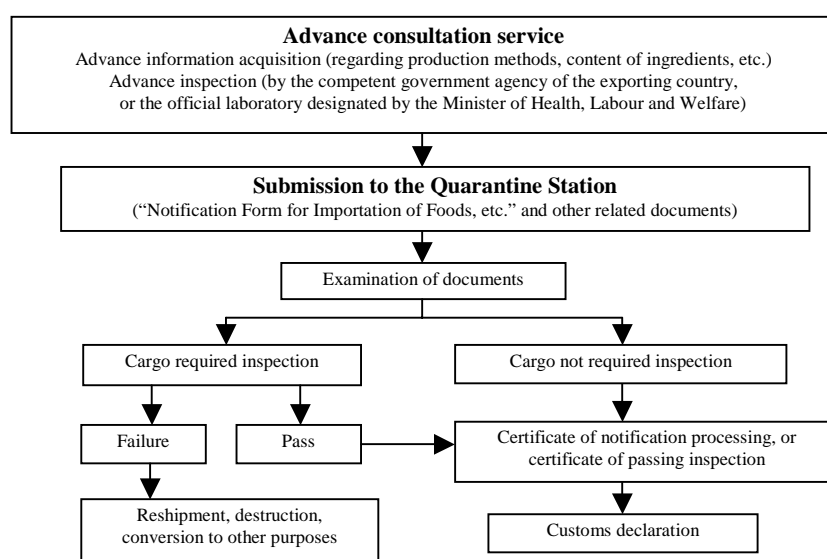
Fig. 5 Import inspection (quarantine) procedures under the Plant Protection Law

2) Food Sanitation Law

Under provisions of the Food Sanitation Law, an import notification is required for oranges being imported for the purpose of sale or for other commercial purposes. Importers are required to submit the completed “Notification Form for Importation of Foods, etc.” to the Quarantine Station at the port of entry. A determination is made based on the document examination whether or not an inspection at the bonded area is required.

The food sanitation inspection on oranges mainly checks for food additives (anti-molding agent, film compounds, coloring agent, etc.) and residual agricultural chemicals. Regulations specify the permissible level of residue for anti-molding agent. Usage standards have also been defined for film compounds and coloring agents. If non-designated additives are found, the orange must be burned or otherwise disposed of. Residual agricultural chemical standards have been defined for each type of fruit. It is essential to find out in advance what agricultural chemical usage patterns prevail in the producer nation (including whether the producer nation uses chemical post-harvest, which is normally not done in Japan).

Fig. 6 Procedures required under the Food Sanitation Law



Prior to importing, the importer may take a sample of forthcoming imports to official laboratories designated by the Minister of Health, Labour and Welfare in Japan or in exporting countries. Those test results may be substituted for the corresponding inspection at the port of entry, which expedites the quarantine clearance process.

In addition, importers who wish to submit their notifications by computer may make use of the computerized FAINS (Food Automated Import Inspection and Notification System) for processing import-related documentation. Importers who have the required hardware and software may apply for a security code from the Minister of Health, Labour and Welfare to access the system.

(2) Regulations and Procedural Requirements at the Time of Sale

The sale of oranges is subject to the Food Sanitation Law, the JAS Law, and the Law for Promotion of Effective Utilization of Resources.

1) Food Sanitation Law

The Food Sanitation Law prohibits the sale of foods containing toxic or harmful substances and foods that are unsafe for human health.

2) JAS Law

(Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products)

The JAS Law establishes quality labeling standard for all food and beverage products sold to ordinary consumers. Fresh fruits, including oranges, are subject to the Fresh Food Product Quality Labeling Standard. (see 4. Labeling)

(3) Competent Agencies

- Plant Protection Law
Fruit and Flower Division, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries
Plant Protection Division, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries
TEL: 03-3502-8111 <http://www.maff.go.jp>
- Food Sanitation Law
Policy Planning Division, Department of Food Sanitation, Pharmaceutical and Medical Safety Bureau,
Ministry of Health, Labour and Welfare
TEL: 03-5253-1111 <http://www.mhlw.go.jp>
- JAS Law (Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products)
Standards and Labeling Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries
TEL: 03-3502-8111 <http://www.maff.go.jp>
- Containers and Packaging Recycling Law / Law for Promotion of Effective Utilization of Resources
Recycling Promotion Division, Industrial Science and Technology Policy and Environment Bureau,
Ministry of Economy, Trade and Industry
TEL: 03-3501-1511 <http://www.meti.go.jp>
Recycling Promotion Division, Waste Management and Recycling Department, Ministry of the Environment
TEL: 03-3581-3351 <http://www.env.go.jp>
Food Industry Policy Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries
TEL: 03-3502-8111 <http://www.maff.go.jp>

4. Labeling

(1) Legally Required Labeling

Fresh fruits are subject to the Fresh Food Product Quality Labeling Standards under the JAS Law. It is required to place labeling of the following items on the container or packaging in a readily visible location, or to display it in a readily visible location adjacent to the applicable fresh fruits.

- 1) Product name
- 2) Country of origin

<Labeling under the Law for Promotion of Effective Utilization of Resources>

When paper or plastic is used as a packaging material for wrapping of individual product items, or for labels, external packaging or elsewhere, a material identifier mark must be displayed with information where the material is used.



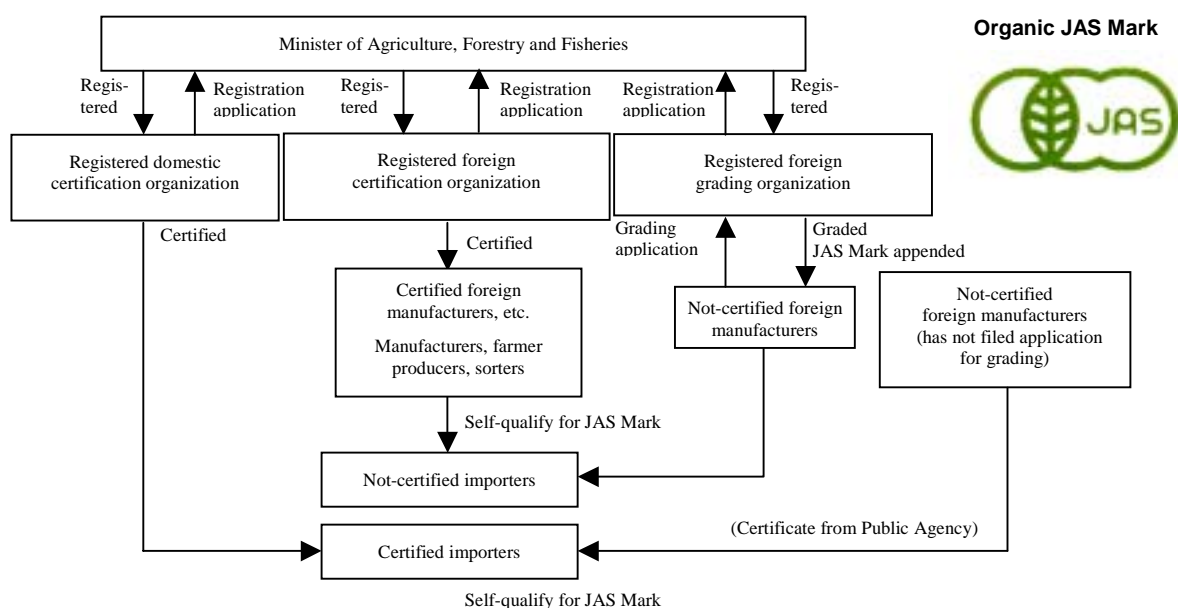
(2) Voluntary Labeling based on Provisions of Law

<Inspection and Certification of Organic Agricultural Products and Processed Organic Agricultural Products>

The JAS Law establishes a “special JAS standard” for organic agricultural products and processed organic agricultural products. Only those products that comply with this standard are allowed to include in their labeling the phrase “organic” and to display the Organic JAS Mark. Organic agricultural products produced abroad (in countries recognized as having a certification program equivalent to the JAS system) must be qualified according to one of the following methods in order to use the phrase “organic” and to display the Organic JAS Mark. (see Fig. 7)

- 1) Product is qualified by a foreign grading organization registered with Japan’s Minister of Agriculture, Forestry and Fisheries, and is imported with the JAS Mark attached.
- 2) Manufacturers, production process supervisors (farmer producers) and sorters shall be authorized to self-qualify with the approval of a registered certification organization. This provision applies to foreign countries as well. This means that foreign manufacturers, etc., may be authorized to self-qualify by registered a foreign certification organization, and to export the product with the JAS Mark attached to Japan.
- 3) Importers may obtain approval to qualify from a registered certification organization in Japan, and they may self-qualify the imported product by accompanied certificate (or copy) issued by a public agency abroad.

Fig. 7 Inspection and certification system for imported organic agricultural products and processed organic agricultural products



Contact:

Center for Food Quality, Labeling and Consumer Services Headquarters
 Standard and Labeling Department TEL: 048-600-2371 <http://www.cfqlcs.go.jp>

(3) Voluntary Industry Labeling

There is no voluntary industry labeling for oranges.

5. Taxes

(1) Customs Duties

Tariff rates on oranges differ according to the seasons being imported. WTO rates are applied to imports from World Trade Organization (WTO) member nations, and general rates for non-member nations. The Uruguay Round agreement contains provisions calling for gradual tariff reduction from FY 1995 through FY 2000.

Fig. 8 Customs duties on oranges

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0805.10	Oranges				
-000	(1) If imported during the period from 1st June to 30th November	20%	16%		
-000	(2) If imported during the period from 1st December to 31st May	40%	32%		

(2) Consumption Tax

(CIF + Customs duty) x 5%

6. Product Characteristics

(1) Comparison with Japanese Products

Oranges are a variety of citrus fruit widely grown from tropical zones into the temperate zones around the world. The most common types of oranges are Valencia oranges and navel oranges, and another fairly common type is blood oranges. Japan imports oranges year-round, with navel oranges imported in the winter and Valencia oranges imported during the summer. Demand rises in the spring, when shipments of mandarins and apples start to run low.

1) Valencia oranges

Valencia oranges are the most widely cultivated type of orange in the world, since it grows well in both tropical and Mediterranean climates. The name comes from the Valencia region of Spain, but the variety is said to have first been grown in Portugal. Each orange is about 200 grams in weight, and the fruit is acidic yet also very sweet, which makes it well suited for making orange juice. Valencia oranges are in season in California from June through November, and in Florida from May through October. Imports from South Africa increase during May and June, when the new California crop is just coming in.

2) Navel oranges

The category of navel oranges encompasses several varieties, most notably Washington navel oranges. Optimal growing conditions are a relatively warm Mediterranean type climate. Navel oranges do not grow as well in tropical climates. Consequently, navel oranges are grown in California, as well as the nations on the Mediterranean coast in Europe, and in Brazil, South Africa and Australia. Japan also grows some navel oranges, though in smaller quantities. Navel oranges are usually larger than Valencia oranges, about 200-250 grams per orange, with a thick peel of 5-7 mm, a juicy flesh and a strong orange fragrance.

3) Blood oranges

Blood oranges derive their name from the reddish color peel and flesh. They are grown in Italy and other parts of Europe. At one time they were grown in larger quantities, but nowadays blood oranges have been overshadowed by Valencia and navel oranges, and production is falling. The flesh is juicy and flavorful.

Japan produces only a small volume of Washington navel oranges, the leading variety of navel orange. Accordingly, most oranges are imported, mainly from the United States. In contrast, domestically grown Unshu mandarins are in season from October until sometime in March. Unshu mandarins are the quintessential wintertime fruit in Japan. Kagoshima Prefecture in southern Kyushu is one of the major growing areas, so sometimes Unshu mandarins are referred to as “Satsuma oranges,” after the old-fashioned name for that region of Japan. Unlike oranges, the peel is soft and can easily be removed by hand. The flesh can easily be eaten in sections. Unshu mandarins are divided into four categories: very early season, early season, late season and very late season varieties. In general, the later season varieties are sweeter tasting. In the off-season, from April to September, they are supplemented by greenhouse grown Unshu mandarins. This has turned Unshu mandarins into a year-round product.

In order to compete against imported oranges, mandarin growing areas in Japan have converted to cultivation of more desirable varieties. The sweeter varieties are more popular and bring higher prices as well. Thus, development efforts have focused on high fructose content fruits. Recent years have seen the emergence of newly developed varieties such as Kiyomi oranges (a cross-breed between Unshu mandarins and oranges) and “Dekobon” (a seedless variety with a protruding top, which is easy to peel and eat in sections like mandarins but has high fructose levels).

(2) Characteristics by Producing Countries

1) U.S.A.

The United States was the first orange exporter to have Japan’s ban against its imports lifted. Now it stands as the leading exporter of oranges to Japan. Except in years when bad weather leads to a poor harvest, about 85-90% of all imported oranges are American. The leading producing region within the United States is California, and the Sunkist brand name has become virtually synonymous with oranges in Japan. Valencia oranges from Florida are smaller and less attractive in appearance than California oranges, but the fructose content is high, and they make good juice oranges.

American oranges are produced in large volume, and carry affordable prices as a result. At the peak of their ripeness, American oranges have a full-bodied and flavorful taste. However, importers sometimes also include oranges that are past their peak as well as some that are unripe, in order to assure a consistent import volume. Many of the fertile orange groves of southern California have been turned into residential housing areas. Cultivation has shifted northward, into the desert regions. Some observers worry about a loss of full-bodiedness of flavor as a result.

2) South Africa

South African oranges are in demand from June through September, when its oranges are in season and oranges from the northern hemisphere are not. Prices are inexpensive, but there are complaints about inconsistent quality.

3) Australia

Australia produces some 200,000 tons of navel oranges and 400,000 tons of Valencia oranges, which are often used as juice oranges.

4) Spain

Japan lifted its ban on imports of Spanish oranges in 1996, after it was proved that the Mediterranean fruit fly had been completely eradicated. The principal orange growing region is the Valencia area, which has a very long harvesting season lasting from September to July of the following year. The Valencia area has abundant sunshine, soil that is well-suited to orange growing, and manual cultivation methods that give it advantages as an orange producer. Oranges from other countries tend to lose their juiciness and full-bodied flavor after they pass their peak ripeness. However, Spanish oranges remain high in quality throughout the harvesting season. Spanish oranges are somewhat more expensive than American oranges, but they are favored in restaurants and other commercial settings. Recently they have become widely available in department stores and specialty stores.

5) Israel

In 1999 Israel began exporting to Japan some Israeli oranges, which have a flavor similar to grapefruit, but they have yet to become well-established in the market.

7. Domestic Distribution System and Business Practices

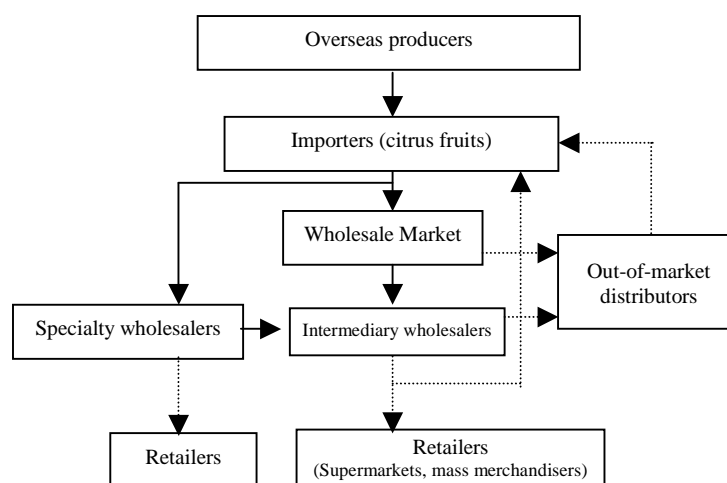
(1) Domestic Market Conditions

Eleven years after import liberalization of oranges, fresh oranges and orange juice have become a routine part of the Japanese diet. Since liberalization, orange imports have consistently fluctuated in a range from 150,000-190,000 tons annually. Domestic mandarin growers feared that orange imports would soar and they would be overwhelmed, but this has not happened. One reason is that mandarin orange growers have focused on smaller and sweeter-tasting varieties, and thus have managed to differentiate their product more from imported oranges. The impact of orange imports has been far greater on *iiyokan* and *hassaku* varieties, which are similar in size to orange. Prices for both these varieties have fallen to half their former levels, and many growers have been forced out of business. Recently, per capita consumption of mandarins has fallen dramatically, and consumption of fresh oranges is also flat.

(2) Distribution Channels

The typical distribution channel for imported fruits is from importer to produce companies affiliated with central and local wholesale markets, and thence to wholesalers, intermediary wholesalers and retailers, including fruit stores, vegetable stores, supermarkets, department stores, fruit parlors and the like. Some fruits are also distributed direct from specialty wholesalers to retailers, and from import trading companies to food processors. The growth in fresh fruit imports has increased the incidence of distribution outside of wholesale markets. Multinationals and trading companies that carry fresh fruit are increasingly acquiring or investing in fruit wholesalers, while also expanding direct business dealings with large supermarkets.

In the past oranges were also mainly sold through the wholesale market system. Recently, though, supermarkets and other leading retailers have increasingly been doing business direct with growers. Specifically, orange importers and supermarket buyers have been going directly into growing areas and making purchases from growers. Buyers explain to growers about sales trends in Japan, and they have been placing more and more particular orders for flavors of oranges suited for Japanese consumers. Forging these sorts of close ties between producers, importers and leading retailers makes it easier for everyone to achieve their goals and to share information.

Fig. 9 Distribution channels for imported oranges

(3) Key Considerations for entering the Japanese Market

Because it takes some time to ship fresh fruit to Japan and on to consumers, importers must take measures to preserve freshness and minimize damage to fruit. Furthermore, Japanese food grading reflects size and gloss as well as overall fruit quality. Since pricing systems reflect good grading, importers need to understand the grading criteria thoroughly. In some instances, fruit that cannot be imported as fresh fruit may still be importable in the form of processed food products, such as juice, jam, dried fruit and frozen fruit.

Importers also need to be aware that two separate tariff rates apply to oranges imported from June 1 to November 30, and from December 1 to May 31.

8. After-Sales Service

Importers and resellers bear legal responsibility for any defects in oranges.

9. Related Product Categories

Juice concentrate and jams

Imports of orange juice concentrate and jams are subject to notification requirements under the Food Sanitation Law. Importers must submit a “Notification Form for Importation of Foods, etc.” Provisions of the Enforcement Regulations regulate food additives for the Food Sanitation Law and by the Specifications and Standards for Food Additives, etc.

Jams are subject to quality standards and labeling requirements under the Japan Agricultural Standards (JAS), which are adopted by the Ministry of Agriculture, Forestry and Fisheries.

Canned fruits

Imports of canned oranges are subject to notification required under the Food Sanitation Law. Because of the great variety of canned fruits, and because the contents are not visible, both domestic and imported canned fruits are subject to a greater number of administrative regulations and labeling requirements.

10. Direct Imports by Individuals

Imports by individuals are not exempted from inspection requirements under the Plant Protection Law. Individuals may import fresh oranges deemed appropriate for personal consumption without being subject to the Food Sanitation Law. However, imports of fresh oranges to provide to a multiple non-specific persons are subject to provisions of the Food Sanitation Law.

11. Related Organizations

- Japan Fresh Produce Import Facilitation Association (Nisseikyō) TEL: 03-5833-5141