

15. Nuts and Dried Fruits

1. Definition of Category

Nuts and dried fruits other than peanuts, which are classified as beans.

HS Numbers	Commodity
[Nuts]	
0801.31, 32	Cashew nuts
0802.21, 22	Hazelnuts
0802.31, 32	Walnuts
0802.11, 12	Almonds
0802.40	Chestnuts
0802.50	Pistachios
0802.90-200	Macadamia nuts
0801.11, 19, 21, 22/	Other nuts
0802.90-100, -300, -400	
[Dried fruits]	
0803.00-200	Bananas
0804.20-090	Figs
0806.20	Raisins
0813.10	Apricots
0813.20	Prunes
0813.40-010	Berries
0813.40-022	Persimmons
0804.10-000, 30-090, 50-090 /	Other
0813.30-000, 40-021, -029	

2. Import Trends

(1) Recent Trends in Nuts and Dried Fruit Imports

Imports of nuts had been declining from 1996 onward, but in 2000 there was an upswing for the first time in some years, with imports rising to 83,441 tons (up 9.1% from the year before). This represents the highest level of imports in the most recent five-year period. Total import volume of nuts slipped by 0.9% in 2001 to 82,704 tons, mainly due to a decline in imports of chestnuts from China and walnuts from the United States. Imports actually rose in all other product categories from other countries. Almond imports posted especially strong growth, with a substantial increase both in 2000 and 2001 to 24,322 tons. This represents increase of over 5,000 tons in the most recent five-year period (see Fig. 1).

Demand for nuts in recent years has been supported by more extensive use of nuts in confections and in Chinese-style cuisine. The leading exporter of nuts to Japan is the United States, and an American trade association has launched an active marketing program in Japan in an effort to boost demand. As a result, nuts are finding their way into a variety of cakes and breads, and this is contributing to market growth.

In the area of dried fruits, 2000 had seen a dramatic annualized import decline of 18.3% due to an El Nino related drop in production of California raisins and prunes, Japan's principal dried fruit imports. However, imports of these products recovered somewhat during 2001 to 55,364 tons (up 2.3% from the year before). (see Fig. 2)

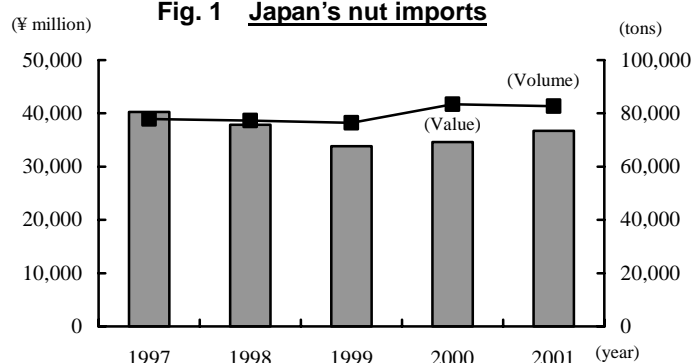
(2) Imports by Place of Origin

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. On a volume basis, main importers of chestnuts, a leading category of Japan's nut imports, were China (65.8%), followed by the Republic of Korea (34.0%), while almost all almonds came from the United States (98.9%) in 2001.

Chestnut imports from China fell from 8,461 tons in 2000 to 7,495 tons in 2001, whereas imports of American almonds grew from 20,946 tons to 24,045 tons. As a result, the gap widened significantly between first-place USA (34,328 tons, 41.5% share) and second-place China (24,766 tons, 29.9% share). (see Fig. 3)

In the area of other varieties, leading exporters to Japan are the United States and China for walnuts, Australia and Kenya for macadamia nuts, and the United States and Iran for pistachios. Almost all of cashew nuts and hazelnuts are imported from India and Turkey, respectively. (see Fig. 4)

Fig. 1 Japan's nut imports

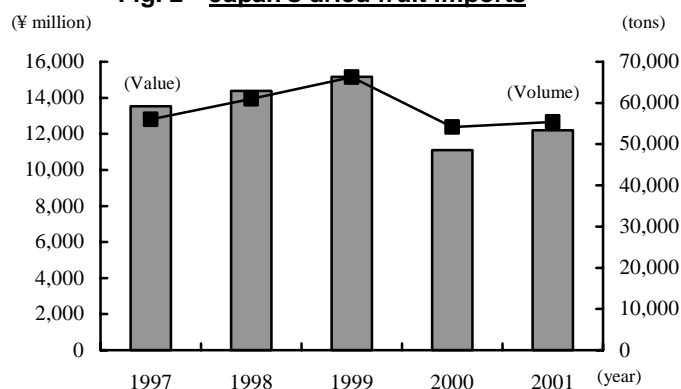


	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cashew nuts	6,526	4,098	5,559	3,787	4,922	3,573	5,752	3,582	5,833	3,143
Hazelnuts	466	267	553	337	563	285	443	183	535	250
Walnuts	8,763	5,786	8,838	5,573	8,835	4,266	9,665	4,016	9,087	5,365
Almonds	18,534	12,307	18,903	11,406	17,332	8,113	21,349	7,095	24,322	9,309
Chestnuts	32,015	10,549	33,250	10,295	34,726	12,410	37,384	15,537	31,695	13,008
Pistachios	5,124	2,983	4,348	2,749	3,314	1,718	2,930	1,637	3,466	1,773
Macadamia nuts	1,529	1,872	1,057	1,201	1,433	1,260	1,735	1,280	2,893	2,417
Other nuts	4,871	2,407	4,727	2,501	5,349	2,207	4,183	1,312	4,873	1,456
TOTAL	77,827	40,269	77,235	37,849	76,475	33,832	83,441	34,641	82,704	36,719

Units: tons, ¥ million

Source: Japan Exports and Imports

Fig. 2 Japan's dried fruit imports



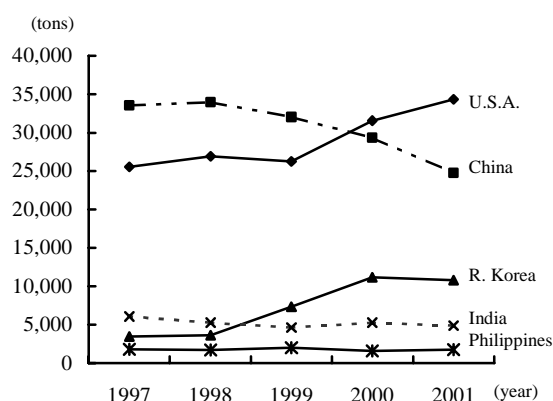
	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bananas	314	153	456	147	300	78	405	100	249	76
Figs	600	249	656	296	1,424	473	1,894	595	1,755	636
Raisins	27,971	5,582	30,242	6,042	33,966	7,482	27,480	4,479	28,152	4,379
Apricots	1,169	660	1,165	662	1,259	561	1,324	518	1,397	571
Prunes	18,329	4,658	21,822	5,627	19,650	4,855	15,751	3,782	16,742	4,277
Berries	277	402	185	303	158	234	117	177	242	582
Persimmons	5,418	1,237	5,090	929	8,433	1,211	5,274	1,060	4,832	1,150
Other	1,931	594	1,380	374	1,056	281	1,878	383	1,995	536
TOTAL	56,008	13,535	60,998	14,379	66,246	15,174	54,124	11,094	55,364	12,207

Units: tons, ¥ million

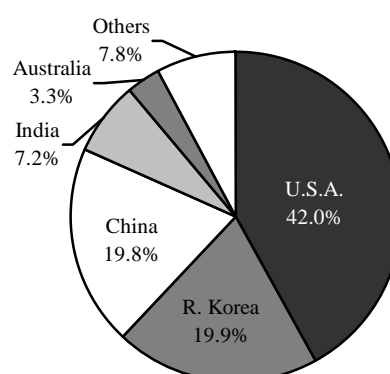
Source: Japan Exports and Imports

Fig. 3 Principal exporters of nuts to Japan

Trends in import volume by leading exporters



Shares of nut imports in 2001 (value basis)



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value		
U.S.A.	25,572	26,945	26,278	31,578	11,717	34,328	41.5%	15,421	42.0%
China	33,519	33,958	32,031	29,343	8,710	24,766	29.9%	7,279	19.8%
R. Korea	3,450	3,652	7,325	11,136	8,197	10,773	13.0%	7,313	19.9%
India	6,046	5,258	4,619	5,246	3,265	4,883	5.9%	2,644	7.2%
Philippines	1,778	1,715	1,988	1,605	161	1,752	2.1%	173	0.5%
Others	7,463	5,707	4,235	4,534	2,592	6,201	7.5%	3,888	10.6%
TOTAL	77,827	77,235	76,475	83,441	34,641	82,704	100.0%	36,719	100.0%
(E U)	129	177	229	389	241	278	0.3%	219	0.6%

Units: tons, ¥ million

Source: Japan Exports and Imports

Fig. 4 Principal exporters of nuts to Japan (2001, volume basis)

	Total volume	First	Share	Second	Share
Chestnuts	31,695	China	65.8%	R. Korea	34.0%
Almonds	24,322	U.S.A.	98.9%	Spain	0.5%
Walnuts	9,087	U.S.A.	82.5%	China	17.2%
Cashew nuts	5,833	India	83.7%	Vietnam	13.9%
Pistachios	3,466	U.S.A.	70.9%	Iran	27.0%
Macadamia nuts	2,893	Australia	47.5%	Kenya	27.8%
Hazelnuts	535	Turkey	97.1%	Italy	1.7%

Units: tons

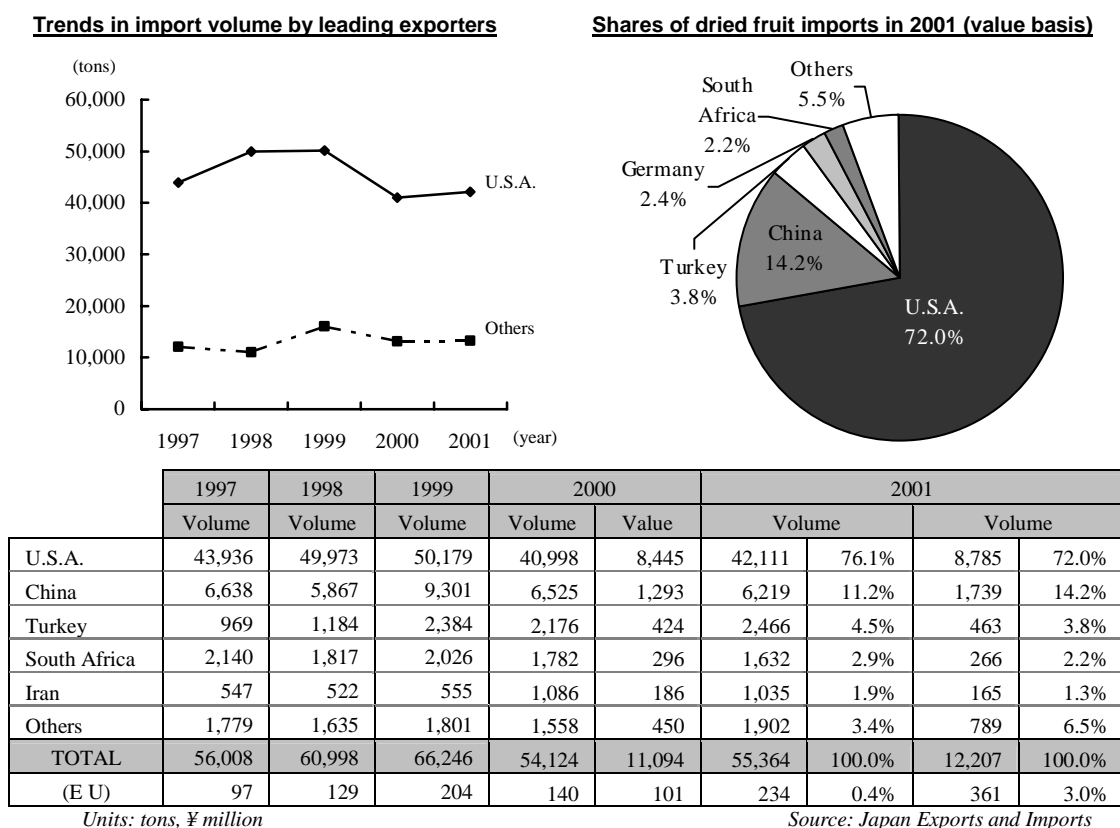
Source: Japan Exports and Imports

Turning to imports of dried fruit, imports of raisins and prunes overwhelmingly originate in the United States (California). In 2001 the United States accounted for 76.1% of total dried fruit import on a volume basis. Main exporter of dried figs and apricots to Japan were also the United States, but the United States saw its import share decline in the face of rising imports from Turkey in 2001. Dried persimmons all come from China, and dried bananas mainly come from Ecuador and Thailand. (see Fig. 5, 6)

(3) Imports' Market Share in Japan

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. There are no statistics on the domestic production of dried persimmons, so the changes in shares for each year cannot be determined, but in recent years it is estimated that amount 50% of the total supply in Japan was imported.

Fig. 5 Principal exporters of dried fruits to Japan**Fig. 6 Principal exporters of dried fruits to Japan (2001, volume basis)**

	Total volume	First	Share	Second	Share
Raisins	28,152	U.S.A.	87.1%	S Africa	5.4%
Prunes	16,742	U.S.A.	99.1%	Chile	0.7%
Persimmons	4,832	China	100.0%	-	-
Figs	1,755	Turkey	39.7%	U.S.A.	33.9%
Apricots	1,397	Turkey	55.7%	U.S.A.	19.8%
Bananas	249	Ecuador	79.5%	Taiwan	10.4%
Berries	242	U.S.A.	35.0%	Germany	34.9%

Units: tons

Source: Japan Exports and Imports

3. Key Considerations related to Importing.

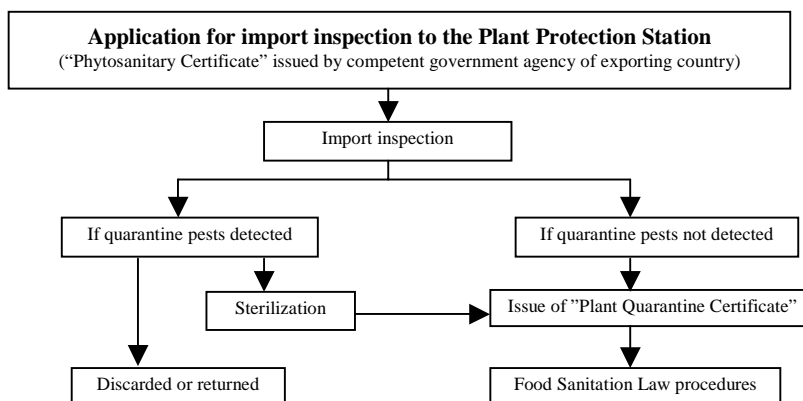
(1) Regulations and Procedural Requirements at the Time of Importation

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

1) Plant Protection Law

Imports of non-heated nuts and dried fruits are subject to provisions of the Plant Protection Law. 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.

Fig. 7 Plant Protection Law Procedures



The following varieties of dried fruits are exempted from provisions of the Plant Protection Law. Imports of dried seed of almonds, cashew nuts, coconuts, pistachios, chestnuts, and macadamia nuts are subject to the Law, however, import is possible without attachment of a phytosanitary certificate of the exporting government agency.

Fig. 8 Dried fruits not covered by the Plant Protection Law

Apricots, figs, persimmons, kiwi fruits, plums, pears, dates, coconuts, pineapples, bananas, papayas, grapes, mangoes, peaches, litchis

The Plant Protection Law prohibits the importation of unshelled walnuts from the countries/areas listed below.

Fig. 9 Countries/areas subject to unshelled walnut import ban

Afghanistan, Israel, Iraq, India, Cyprus, Jordan, Syria, China, Turkey, Pakistan, Myanmar, Lebanon, Europe, the former Soviet Union, Africa, United States (except for Hawaiian island), Canada, Argentina, Uruguay, Colombia, Chile, Brazil, Peru, Bolivia, Australia, New Zealand

(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.)

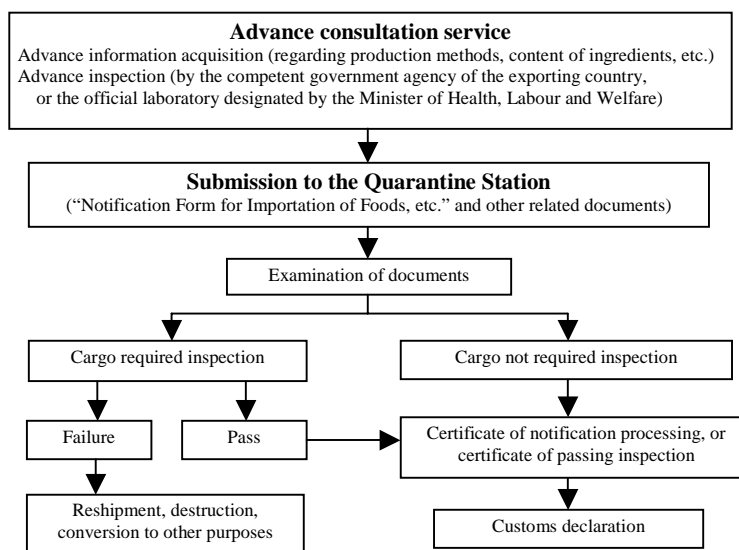
2) Food Sanitation Law

Under provisions of the Food Sanitation Law, an import notification is required for nuts and dried fruits 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.

Nuts are inspected for the presence of aflatoxin, while dried fruit is inspected for additives. Prospective importers should note that other inspections may be required depending on the type of raw material or manufacturing process employed.

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.

Fig. 10 Procedures required under the Food Sanitation Law

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

The sale of nuts and dried fruits is subject to the Food Sanitation Law, the JAS Law, the Measurement Law, the Nutrition Improvement Law, the Containers and Packaging Recycling 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. When selling packaged nuts and dried fruits, they must be labeled in accordance with provisions of the Food Sanitation Law. In addition, as of April 2001, the Food Sanitation Law mandates or recommends raw material labeling for food products that contain allergens. (see 4. Labeling)

2) JAS Law

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

The JAS Law establishes proper labeling standards for all food and beverage products sold to consumers. The JAS Law provides for separate quality labeling standards for processed foods and fresh foods. (see 4. Labeling)

3) Measurement Law

Nuts and dried fruits sealed in wrapping or containers are required the labeling of the net content to certain accuracy (range of error specified by Cabinet Ordinance).

4) Nutrition Improvement Law

When employing labeling for nutritional ingredients or calories, labeling must be in accordance with the requirements under the Nutrition Improvement Law. (see 4. Labeling)

5) Containers and Packaging Recycling Law (Law for Promotion of Sorted Collection and Recycling of Containers and Packaging)

The Containers and Packaging Recycling Law was enacted to promote recycling of container and packaging waste materials. It provides for sorting by consumers, sorted collection by municipalities, and product reuse (recycling) by product makers and distributors for glass bottles, PET bottles, paper and plastic containers and packaging. Consequently, importers of nuts and dried fruits incur the obligation for recycling of containers and packaging (although stipulated small-scale importers are exempt). Please consult the competent government agencies listed below for more information.

6) Law for Promotion of Effective Utilization of Resources

As of April of 2001, new identifier labeling requirements apply to paper (not including beverage containers not containing aluminum) and plastic container materials, in addition to previously existing labeling requirements for steel and aluminum cans or PET bottles. (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
Standards and Labeling Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries
TEL: 03-3502-8111 <http://www.maff.go.jp>
- Measurement Law
Measurement and Intellectual Infrastructure Division, Industrial Science and Technology Policy and Environment
Bureau, Ministry of Economy, Trade and Industry
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Nutrition Improvement Law
Department of Food Sanitation, Pharmaceutical and Medical Safety Bureau, Ministry of Health, Labour and Welfare
TEL: 03-5253-1111 <http://www.mhlw.go.jp>
- Containers and Packaging Recycling / 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

Raw chestnuts, ginkgo nuts and other fresh nuts 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 food item.

- 1) Product name
- 2) Country of origin

When selling nuts and dried fruits sealed in wrapping or containers, following items must be listed all together on the label, under provisions of the Food Sanitation Law, the Processed Food Product Quality Labeling Standards under the JAS Law, and the Measurement Law.

<Labeling items to be listed all together>

- 1) Product name
- 2) List of ingredients
- 3) Net content
- 4) Date of minimum durability or best-before date
- 5) Name of food additives, if any
- 6) Usage method (if specified)
- 7) Preservation method (if specified)
- 8) Country of origin
- 9) Importer's name and address

<Labeling of Food Products Containing Allergens>

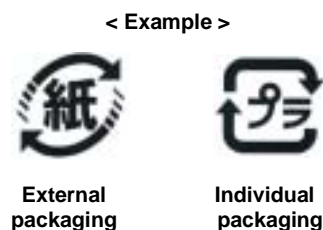
The Food Sanitation Law mandates or recommends raw material labeling for 24 food products that contain allergens. Processed food products containing the foods listed in the following table, and processed foods containing additives derived from these foods are either required or advised to bear labeling to the effect that they contain allergenic foods.

This provision was adopted as of April 2001, and from April 1, 2002 onward, it will apply to all manufactured, processed and imported processed food products and food additives.

Labeling mandatory (5 products)	Wheat, buckwheat, eggs, milk, peanuts
Labeling recommended (19 products)	Abalone, squid, salmon roe, shrimp, crabs, salmon, mackerel, oranges, kiwi fruit, peaches, white potatoes, apples, walnuts, soybeans, gelatin, beef, pork, chicken, <i>matsutake</i> mushroom

<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.



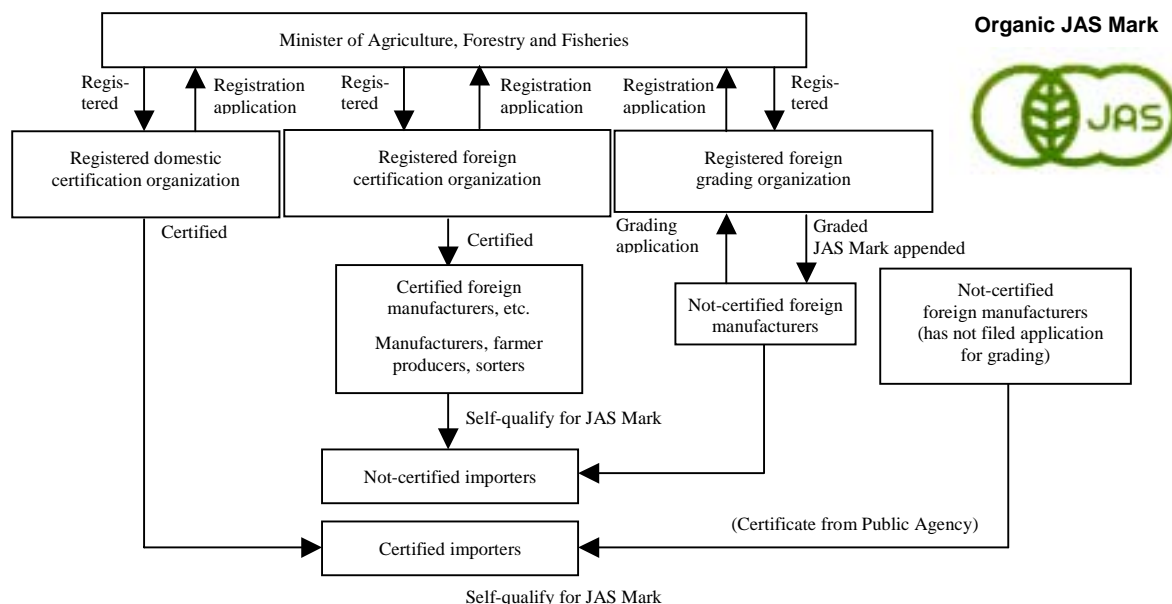
(2) Voluntary Labeling based on Provisions of Law

1) JAS 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.

Fig. 11 Inspection and certification system for imported organic agricultural products and processed organic agricultural products



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.

- 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.

Contact:

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

2) Labeling under the Nutrition Improvement Law

When employing labeling for nutritional ingredients or calories in Japanese, either on the packaging or in accompanying documentation, labeling must be in accordance with the requirements under the Nutrition Improvement Law

<Example> Labeling must contain the quantities of calories, proteins, fats, carbohydrates, sodium, and other nutritional ingredients present, in descending order by content volume.

(3) Voluntary Industry Labeling

There is no voluntary industry labeling for nuts and dried fruits.

5. Taxes

(1) Customs Duties

A number of different tariff rates apply to these products under various classifications. The Uruguay Round agreement provides for reduced tariff rates on some varieties of nuts beginning April 1995. (see Fig. 12 on the following page)

(2) Consumption Tax

(CIF + Customs duty) x 5%

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>

1) 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 the Republic of 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.

2) 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.

3) Walnuts

Most walnuts are imported shelled. The United States and China are 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.

Fig. 12 Customs duties on nuts and dried fruits

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
0801.11, 19	Coconuts	6%	3%	Free	
.21,.22	Brazil nuts	4%	3%	Free	
.31, 32	Cashew nuts	Free	(Free)		
0802.11, .12	Almonds				
-100	(1) Bitter almonds	Free	(Free)		
-200	(2) Sweet almonds	4%	2.4%	*Free	
0802.21, .22	Hazelnuts	10%	6%	Free	
0802.31, .32	Walnuts	10%	(10%)		
0802.40	Chestnuts	16%	9.6%		
0802.50	Pistachios	Free	(Free)		
0802.90	Other nuts				
-100	(1) Betel nuts	Free	(Free)		
-200	(2) Macadamia nuts	5%	(5%)	3% *Free	
-300	(3) Pecans	5%	4.5%		
-400	(4) Other nuts except above	20%	12%		
0803.00 -200	Bananas, dried	6%	3%	Free	
0804.10 -000	Dates	Free	(Free)		
0804.20 -090	Figs, dried	10%	6%	5% *Free	
0804.30 -090	Pineapples, dried	12%	7.2%	*Free	
0804.50 -090	Guavas, mangoes and mangosteens, dried	6%	3%	Free	
0806.20 -000	Grapes, dried	2%	1.2%		
0813.10 -000	Apricots, dried	15%	9%		
20 -000	Prunes, dried	4%	2.4%		
30 -000	Apples, dried	15%	9%		
0813.40	Other dried fruits				
-010	(1) Berries, dried	12%	9%		
	(2) Other dried fruits	15%			
-021	(a) Dried papayas, pawpaws durians, bilimbis, champeder, jackfruits, bresd-fruits, rambutan, rose-apple, ambo, jambosa diambo-kaget, chico-mamey, cherimoya, sugar-apples, bullock's-heart, passion-fruit, dookoo kokosan, soursop and litch		7.5%	*Free	
-021	(b) Kehapi		9%	7.5% *Free	
-022,-029	(c) Persimmons, dried, and other		9%		

Note 1: "*Free" in Preferential Rate is applicable only for Least Less Developed Countries.

Note 2: Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

4) 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.

5) 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 the United States and Iran.

<Dried Fruit>

1) 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 raisins are used to make raisin bread. Another 10% is used to make cookies, and the remaining 10% is sold directly to consumers.

2) 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.

3) Persimmons

Almost all Japanese imports come from Hobei and Shandong Provinces in China. More than 70% of all Chinese persimmon exports go to Japan. Imports from the Republic of Korea have been increasing in recent years.

7. Domestic Distribution System and Business Practices

(1) Domestic 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

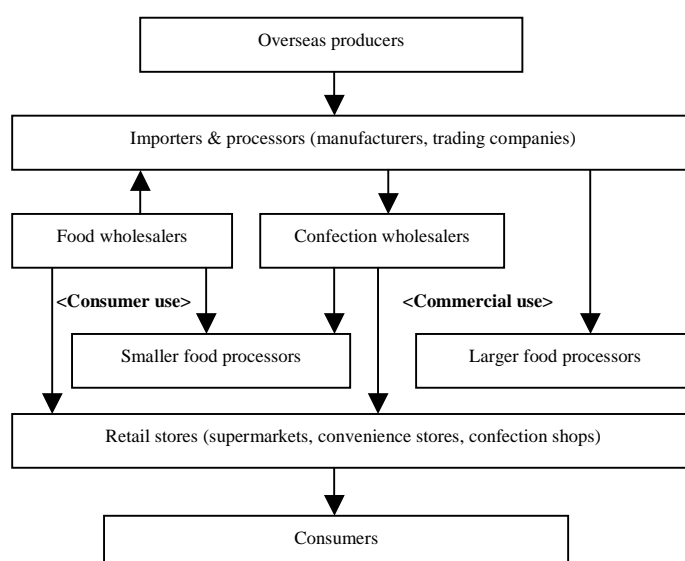
Nuts and dried fruits are usually distributed not directly to consumers but rather to food processors through commercial food distribution channels for use in making confections, breads and pastries.

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.

Fig. 13 Distribution channels for nuts & dried fruits



(3) Key Considerations for 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

Importers and resellers bear legal responsibility for any defects in nuts and dried fruits.

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 fruitcakes containing raisins or other dried fruits are exempted from plant quarantine requirements if it can be confirmed that they have been heat-treated. These items are still 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 are subject to requirements of the Plant Protection Law.

11. Related Organizations

- | | | |
|--|-------------------|---|
| • Japan Dried Fruits Importers Association | TEL: 03-3253-1231 | |
| • Japan Nut Association | TEL: 03-5649-8572 | http://www.jna-nut.com |
| • California Prune Advisory Board | TEL: 03-3584-0866 | |
| • Raisin Administrative Committee | TEL: 03-3221-6410 | http://www.raisins-jp.org |