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**Report Highlights:**

Japan's Unshu Mikan production is expected to recover in MY 2020/21 following poor harvest in MY 2019/20. Increased household consumption of oranges due to the COVID-19 pandemic will lead to a modest boost in imports of fresh oranges. Reflecting a COVID-19-driven decline in hotel, restaurant and institutional (HRI) consumption in MY 2019/20 and resulting stocks, Post projects MY 2020/21 imports of lemons and orange juice to slump. Grapefruit demand continues to steadily slip.

## Fresh Tangerines/Mandarins PS&D Table

| Tangerines/Mandarins, Fresh<br>Market Year Begins<br>Japan | 2018/2019     |          | 2019/2020     |          | 2020/2021     |          |
|------------------------------------------------------------|---------------|----------|---------------|----------|---------------|----------|
|                                                            | Oct 2018      |          | Oct 2019      |          | Oct 2020      |          |
|                                                            | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted (HECTARES)                                    | 0             | 0        | 0             | 0        | 0             | 0        |
| Area Harvested (HECTARES)                                  | 54100         | 54100    | 53000         | 53000    | 0             | 51500    |
| Bearing Trees (1000 TREES)                                 | 0             | 0        | 0             | 0        | 0             | 0        |
| Non-Bearing Trees (1000 TREES)                             | 0             | 0        | 0             | 0        | 0             | 0        |
| Total No. Of Trees (1000 TREES)                            | 0             | 0        | 0             | 0        | 0             | 0        |
| Production (1000 MT)                                       | 994           | 994      | 952           | 960      | 0             | 973      |
| Imports (1000 MT)                                          | 19            | 19       | 19            | 21       | 0             | 19       |
| Total Supply (1000 MT)                                     | 1013          | 1013     | 971           | 981      | 0             | 992      |
| Exports (1000 MT)                                          | 1             | 1        | 1             | 1        | 0             | 1        |
| Fresh Dom. Consumption (1000 MT)                           | 933           | 948      | 897           | 900      | 0             | 923      |
| For Processing (1000 MT)                                   | 79            | 64       | 73            | 80       | 0             | 68       |
| Total Distribution (1000 MT)                               | 1013          | 1013     | 971           | 981      | 0             | 992      |
|                                                            |               |          |               |          |               |          |
|                                                            |               |          |               |          |               |          |

(HECTARES) ,(1000 TREES) ,(1000 MT)

Note: Since 2016, the PS&D table contains data on Unshu Mikan and Chubankan tangor varieties as compiled by the Ministry of Agriculture, Forestry and Fisheries (MAFF). MAFF reports on tangerine/mandarin varieties with commercial distribution and a minimum acreage of 0.5 hectares (ha).

### Production

Japan's tangerines/mandarins (tangerines hereafter) consist of two major varieties: (i) Satsuma mandarin (known as "Unshu Mikan") and (ii) late maturing tangors called "Chubankan". Chubankan are harvested mostly between January and May. Five western prefectures (Wakayama, Ehime, Shizuoka, Kumamoto, and Nagasaki) produce nearly 70 percent of Japan's tangerines. Aside from Shizuoka prefecture, Japanese tangerines are typically cultivated on mountain slopes to increase plants' exposure to sunlight. The challenging terrain has contributed to the reduction in tangerine acreage, as most growers are elderly and lack successors. In the 2019/20 marketing year (MY: October – September), planted area for tangerines in Japan fell to 53,000 hectares (ha) or two percent below the 2018/19 MY planted area. FAS/Tokyo forecasts this trend will continue in the 2020/21 MY with planted area expected to reach just 51,500 ha.

The decline in Japan's Unshu Mikan production dates back to 1975, when following overproduction Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) began to set an annual target for domestic tangerine production. MAFF uses its consumption estimate to determine the production target, known as the "appropriate production and distribution estimate." To avoid overproduction and maintain Unshu Mikan prices, each prefecture utilizes the national target and its production history to determine production volume for the year. In the 2019/20 MY, MAFF set the Unshu Mikan production target at 780,000 MT, the lowest on record, but the actual production only reached 746,000 MT due to unfavorable weather (i.e. low precipitation, temperature and sunlight). With the addition of Chubankan varieties, the total MY 2019/20 tangerine production in Japan was 960,000 MT, down 3.4 percent compared to the 2018/19 MY.

MAFF's 2020/21 MY target is again 780,000 MT for Unshu Mikan. Although cloudy weather in July affected fruit enlargement, Mikan quality and harvest recovered following favorable weather in August.

FAS/Tokyo forecasts Unshu Mikan production in the 2020/21 MY at 765,000 MT, an increase of 2.5 percent compared to the 2019/20 MY. With the addition of Chubankan varieties, FAS/Tokyo forecasts Japan's total 2020/21 MY tangerine/mandarin production to increase to 973,000 MT or 1.4 percent over the MY 2018/19 harvest.

## **Consumption**

Approximately 90 percent of domestically produced tangerines are consumed fresh in Japan. The remainder is processed for juice and canning. COVID-19 had a minimal impact on the MY 2019/20 Unshu Mikan season because the peak season ended in March. On the other hand, the pandemic impacted Chubankan sales. Due to a larger fruit size, many Chubankan varieties have a higher unit price and are targeted at the premium market, such as hotels and gifting. Chubankan season overlapped with Japan's State of Emergency, which was in place from April 7 through May 25, 2020. As people minimized activities outside the home during the State of Emergency, Chubankan sales suffered during the last third of its MY 2019/20 season. Although some inventory was successfully distributed through the "Furusato Nouzei"<sup>1</sup> (translated as "Hometown tax") system, more Chubankan tangerines went to processing than in prior years. FAS/Tokyo estimates that the volume of processed tangerines increased by 9.5 percent to 80,000 MT in MY 2019/20.

In the MY 2020/21, the tangerine sector has proactively expanded its use of alternative marketing channels, such as e-commerce, direct marketing and "Furusato Nozei," to facilitate sales of fresh Unshu Mikan and Chubankan. Consequently, the volume of tangerines diverted for processing will decrease in the MY 2020/21. Given increased domestic tangerine production, FAS/Tokyo forecasts Japan's MY 2020/21 tangerine consumption will increase by 1.1 percent to 992,000 MT, of which 68,000 MT will go to processing.

## **Imports**

In MY 2019/20, in response to poor domestic fruit production in the summer due to unfavorable weather, Japan increased imports of fresh tangerines by 11.3 percent to 21,031 MT. This increase was primarily reflected in the summer tangerine imports from Australia, the second largest tangerine exporter to Japan. The United States is the top exporter of fresh tangerines to Japan and supplies approximately 60 percent of Japan's tangerine imports. Due to seasonal differences, U.S. tangerines do not directly compete with Australian tangerines in Japan. FAS/Tokyo forecasts a recovery of the domestic summer fruit production in MY 2020/21 and a consequent reduction in import volumes to the level of MY 2018/19. Japan's MY 2020/21 tangerine imports will decline by 9.6 percent to 19,000 MT, of which 12,000 MT will be from the United States.

## **Exports**

Japan's fresh tangerine exports remained flat in MY 2019/20 at 1,054 MT. Multiple industry sources report that promotional activities in foreign markets could not be carried out due to COVID-19-related travel restrictions so exports only went to established customers. Despite the Government of Japan's

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<sup>1</sup> The Furusato Nozei system was initially introduced in 2007. Under this system, taxpayers can make donations to local municipalities, in return for income tax and residence tax credits. Local municipalities also send local produce, such as Chubankan, as "appreciation gifts" to donors.

promotion of agricultural exports and an anticipated increase in domestic production, due to continuing travel restrictions, FAS/Tokyo forecasts Japan's MY 2020/21 tangerine exports will remain flat at 1,000 MT.

## Policy

There have been no policy changes related to tangerines in Japan. The import tariff for tangerines/mandarins (Harmonized System Code (HS) 0805.21), clementines (HS 0805.22) and similar varieties (HS0805.29) remains at 17 percent.

## Fresh Oranges

### PS&D Table

| Oranges, Fresh<br>Market Year Begins<br>Japan | 2018/2019     |          | 2019/2020     |          | 2020/2021     |          |
|-----------------------------------------------|---------------|----------|---------------|----------|---------------|----------|
|                                               | Oct 2018      |          | Oct 2019      |          | Oct 2020      |          |
|                                               | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted (HECTARES)                       | 0             | 0        | 0             | 0        | 0             | 0        |
| Area Harvested (HECTARES)                     | 390           | 390      | 370           | 390      | 0             | 380      |
| Bearing Trees (1000 TREES)                    | 0             | 0        | 0             | 0        | 0             | 0        |
| Non-Bearing Trees (1000 TREES)                | 0             | 0        | 0             | 0        | 0             | 0        |
| Total No. Of Trees (1000 TREES)               | 0             | 0        | 0             | 0        | 0             | 0        |
| Production (1000 MT)                          | 6             | 6        | 6             | 6        | 0             | 6        |
| Imports (1000 MT)                             | 85            | 85       | 88            | 91       | 0             | 93       |
| Total Supply (1000 MT)                        | 91            | 91       | 94            | 97       | 0             | 99       |
| Exports (1000 MT)                             | 0             | 0        | 0             | 0        | 0             | 0        |
| Fresh Dom. Consumption (1000 MT)              | 90            | 90       | 93            | 96       | 0             | 98       |
| For Processing (1000 MT)                      | 1             | 1        | 1             | 1        | 0             | 1        |
| Total Distribution (1000 MT)                  | 91            | 91       | 94            | 97       | 0             | 99       |
|                                               |               |          |               |          |               |          |
|                                               |               |          |               |          |               |          |

(HECTARES) ,(1000 TREES) ,(1000 MT)

## Production

Hiroshima and Shizuoka prefectures produce over 60 percent of Japan's domestically grown oranges. Over the last 10 years, orange acreage has been gradually shrinking reflecting aging and declining agricultural labor force. In line with this trend, FAS/Tokyo forecasts MY 2020/21 planted area for oranges to fall by 2.6 percent to 380 ha from 390 ha in MY 2019/20. Accordingly, FAS/Tokyo projects MY 2020/21 production to drop to approximately 5,770 MT from the MY 2019/20 estimate of 6,050 MT.

## Consumption

In Japan, fresh oranges are mostly distributed through retail channels and consumed at home. The COVID-19 pandemic led to an increase in household consumption, including fresh oranges, since March 2020. In MY 2019/20, Japan's orange consumption increased by 6.6 percent to 97,000 MT. FAS/Tokyo forecasts fresh orange consumption in MY 2020/21 will increase a further 2 percent to 99,000 MT as a number of pandemic restrictions remains in place in Japan.

## Imports

In MY 2019/20, Japan increased fresh orange imports by 7.1 percent to 91,116 MT due to a poor Unshu Mikan harvest at home. As the Japanese Unshu Mikan ended its marketing season early, U.S. oranges filled the continuing demand in April and May. The pandemic-related increase in household consumption and a shortage of domestic summer fruits due to unfavorable weather conditions in July further boosted the demand for oranges, especially from Australia due their availability in the summer.

The United States is the leading supplier of fresh oranges to Japan, accounting for approximately 56 percent of imports. Australia and South Africa are the other two top exporters to Japan, but their oranges do not compete directly with U.S. oranges due to a different growing season in the southern hemisphere.

In light of continuing COVID-19 restrictions, FAS/Tokyo forecasts MY 2020/21 fresh orange imports to increase by 2.2 percent to 93,000 MT.

## Exports

Due to limited domestic production, Japan's fresh orange exports are negligible (less than 10 MT).

## Policy

Under the U.S.-Japan Trade Agreement (USJTA), U.S. fresh orange imports (HS 0805.10) to Japan have a stepwise tariff elimination. The tariff for U.S. oranges varies depending on the time of year (Table 1).

Table 1. Tariff Schedule for U.S. Orange (HS 0805.10) under USJTA

| Period of the Year                  | JFY <sup>2</sup><br>2020 | JFY<br>2021 | JFY<br>2022 | JFY<br>2023 | JFY<br>2024 | JFY<br>2025 |
|-------------------------------------|--------------------------|-------------|-------------|-------------|-------------|-------------|
| 1) Between June 1 and November 30   | 8.0%                     | 5.3%        | 2.6%        | Free        | Free        | Free        |
| 2) Between December 1 and March 31* | 25.6%                    | 20.4%       | 15.3%       | 10.2%       | 5.1%        | Free        |
| 3) Between April 1 and May 31       | 16.0%                    | 10.6%       | 5.3%        | Free        | Free        | Free        |

Source: FAS/Tokyo

Note: \* indicates the period that is subject to safeguard.

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<sup>2</sup> Japanese Fiscal Year (JFY) begins on April 1<sup>st</sup> and ends on March 31<sup>st</sup>. JFY 2020 began on April 1, 2020.

Between December 1 and March 31, U.S. orange imports to Japan are subject to a safeguard if import volume exceeds the safeguard trigger (Table 2).

Table 2. The safeguard trigger volume for oranges and associated tariff rates under USJTA

| Japanese Fiscal Year (JFY: April-March) | Safeguard Trigger (MT) | Over-safeguard Duty |
|-----------------------------------------|------------------------|---------------------|
| JFY 2020                                | 37,050                 | 28.0%               |
| JFY 2021                                | 38,950                 | 28.0%               |
| JFY 2022                                | 40,850                 | 20.0%               |
| JFY 2023                                | 42,750                 | 20.0%               |
| JFY 2024                                | 44,650                 | 20.0%               |
| JFY 2025                                | Eliminated             | N/A                 |

Source: FAS/Tokyo

## Fresh Grapefruits

### PS&D Table

| Grapefruit, Fresh<br>Market Year Begins<br>Japan | 2018/2019     |          | 2019/2020     |          | 2020/2021     |          |
|--------------------------------------------------|---------------|----------|---------------|----------|---------------|----------|
|                                                  | Oct 2018      |          | Oct 2019      |          | Oct 2020      |          |
|                                                  | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted (HECTARES)                          | 0             | 0        | 0             | 0        | 0             | 0        |
| Area Harvested (HECTARES)                        | 1220          | 1220     | 1223          | 1223     | 0             | 1223     |
| Bearing Trees (1000 TREES)                       | 0             | 0        | 0             | 0        | 0             | 0        |
| Non-Bearing Trees (1000 TREES)                   | 0             | 0        | 0             | 0        | 0             | 0        |
| Total No. Of Trees (1000 TREES)                  | 0             | 0        | 0             | 0        | 0             | 0        |
| Production (1000 MT)                             | 26            | 26       | 26            | 26       | 0             | 26       |
| Imports (1000 MT)                                | 64            | 64       | 60            | 61       | 0             | 55       |
| Total Supply (1000 MT)                           | 90            | 90       | 86            | 87       | 0             | 81       |
| Exports (1000 MT)                                | 0             | 0        | 0             | 0        | 0             | 0        |
| Fresh Dom. Consumption (1000 MT)                 | 89            | 89       | 84            | 85       | 0             | 79       |
| For Processing (1000 MT)                         | 1             | 1        | 2             | 2        | 0             | 2        |
| Total Distribution (1000 MT)                     | 90            | 90       | 86            | 87       | 0             | 81       |
|                                                  |               |          |               |          |               |          |
|                                                  |               |          |               |          |               |          |

(HECTARES) ,(1000 TREES) ,(1000 MT)

Note: Since 2016, the PS&D data includes grapefruit and Japanese grapefruit-like varieties as reported by MAFF. MAFF reports on various grapefruit-like citrus with commercial distribution and a minimum acreage of 0.5 ha.

## **Production**

Grapefruit acreage and production in Japan are very limited at approximately 1 ha with 10-20 MT. In addition to grapefruit, Japan produces unique Pomelo varieties (e.g., buntan and kawachi-bankan). These domestic varieties have core consumers in Japan, hence steady Japanese Pomelo production will continue in the 2020/21 MY. FAS/Tokyo forecasts acreage and production of grapefruit and Japanese Pomelo will remain flat at 1,223 ha and 26,000 MT in 2020/21 MY.

## **Consumption**

Grapefruit consumption in Japan has been steadily declining over the past decade as most grapefruit consumers are elderly. According to industry sources, fresh grapefruits are primarily consumed at home. As a result, the COVID-19 impact on grapefruit consumption was more contained than on lemons (see below), which are primarily consumed in hotels, restaurants and institutional (HRI) food sector. Nevertheless, in line with the overall trend for grapefruit consumption in Japan, Japan's grapefruit and Pomelo consumption in the 2019/20 MY decreased another 3.3 percent to 87,000 MT.

FAS/Tokyo forecasts Japan's total grapefruit and Pomelo consumption will further drop to 81,000 MT in the 2020/21 MY, especially as the COVID-19 impact on the HRI sector is likely to linger.

## **Imports**

Fresh grapefruit imports to Japan decreased by 5.3 percent to 60,931 MT in the 2019/20 MY. South Africa is the leading supplier followed by the United States. Although Japanese distributors and consumers recognize the quality and reliability of U.S. grapefruit, price competitiveness and availability in the Japanese summer favor South African grapefruit imports. Nevertheless, the United States is the leading supplier of the preferred white grapefruit variety, which represents approximately 30 percent of Japan's grapefruit consumption. In the 2019/20 MY, U.S. exports of fresh grapefruits fell by 14.4 percent to 15,848 MT, while Mexico increased exports from 2,442 MT in the 2019/20 MY to 6,070 MT in the 2020/21 MY. Mexican grapefruits typically supply the October-November transition period between South African to U.S. grapefruits. Mexican grapefruit imports to Japan further benefit from (i) a zero tariff, unlike the 10 percent tariff levied on U.S. and South African grapefruit, and (ii) occasional shorter grapefruit seasons in Florida or South Africa.

FAS/Tokyo estimates fresh grapefruit imports to Japan will fall to 55,000 MT in the 2020/21 MY.

## **Exports**

Due to limited domestic production, Japan's fresh grapefruit exports are negligible.

## **Policy**

There are no significant policy changes related to grapefruit in Japan. The current tariff rate for U.S. grapefruits (HS 0805.40) is 10 percent.

## Fresh Lemons/Limes PS&D Table

| Lemons/Limes, Fresh<br>Market Year Begins<br>Japan | 2018/2019     |          | 2019/2020     |          | 2020/2021     |          |
|----------------------------------------------------|---------------|----------|---------------|----------|---------------|----------|
|                                                    | Oct 2018      |          | Oct 2019      |          | Oct 2020      |          |
|                                                    | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted (HECTARES)                            | 0             | 0        | 0             | 0        | 0             | 0        |
| Area Harvested (HECTARES)                          | 4400          | 4400     | 4450          | 4420     | 0             | 4440     |
| Bearing Trees (1000 TREES)                         | 0             | 0        | 0             | 0        | 0             | 0        |
| Non-Bearing Trees (1000 TREES)                     | 0             | 0        | 0             | 0        | 0             | 0        |
| Total No. Of Trees (1000 TREES)                    | 0             | 0        | 0             | 0        | 0             | 0        |
| Production (1000 MT)                               | 42            | 42       | 51            | 51       | 0             | 45       |
| Imports (1000 MT)                                  | 59            | 59       | 60            | 48       | 0             | 52       |
| Total Supply (1000 MT)                             | 101           | 101      | 111           | 99       | 0             | 97       |
| Exports (1000 MT)                                  | 0             | 0        | 0             | 0        | 0             | 0        |
| Fresh Dom. Consumption (1000 MT)                   | 69            | 69       | 77            | 59       | 0             | 60       |
| For Processing (1000 MT)                           | 32            | 32       | 34            | 40       | 0             | 37       |
| Total Distribution (1000 MT)                       | 101           | 101      | 111           | 99       | 0             | 97       |
|                                                    |               |          |               |          |               |          |
|                                                    |               |          |               |          |               |          |

(HECTARES) ,(1000 TREES) ,(1000 MT)

### Notes:

- Since 2016, FAS/Tokyo has incorporated MAFF data on lemon/lime-like citrus varieties (e.g., yuzu, kabosu, sudachi) grown in Japan, provided the varieties have commercial distribution and a minimum acreage of 0.5 ha.
- Due to COVID-19 impacts, 10,000 MT of MY 2019/20 lemons were carried over into MY 2020/21 as inventory. This volume is counted as Fresh Consumption in MY 2019/20 column and is not reflected in the MY 2020/21 column, but and is expected to be consumed in MY 2020/21.

### Production

Hiroshima and Ehime prefectures produce over 80 percent of fresh lemons in Japan. Japan's demand for lemons is on the rise, particularly for domestically produced lemons, which are sold as pesticide-free<sup>3</sup> or with reduced pesticide application during cultivation. FAS/Tokyo forecasts expansion of lemon acreage in MY 2019/20. According to industry sources, after unfavorable weather in June and July, domestic lemon production recovered following warm temperatures in November. FAS/Tokyo forecasts MY 2020/21 lemon production at 8,100 MT slightly up from 8,000 MT in the 2019/20 MY.

In addition to lemons, Japan produces lemon/lime-like citrus varieties, which are consumed similarly to lemons. These varieties include yuzu (*Citrus junos*), kabosu (*Citrus sphaerocarpa*) and sudachi (*Citrus sudachi*). FAS/Tokyo views the domestic market for these unique varieties as close to saturation and their acreage has remained flat for the past 5 years. FAS/Tokyo forecasts the 2020/21 MY acreage for the lemon/lime-like varieties to mirror the 2019/20 MY acreage. However, the MY 2020/21 production of these alternative bearing varieties, especially yuzu and sudachi, is expected to decrease by 20 percent to 37,000 MT. With the expected lemon production of 8,000 MT, FAS/Tokyo forecasts Japan's total production of lemon/lime-like varieties to reach 45,000 MT. FAS/Tokyo estimates that another 10,000

<sup>3</sup> Japan classifies fungicides applied post-harvest as food additives that require labeling at the retail point of sale. There are no such labeling requirements for fungicides applied pre-harvest, typically during domestic production.



MT of lemons (not included in the PS&D table) have been carried over into MY 2020/21 as unused stock from MY 2019/20.

## **Consumption**

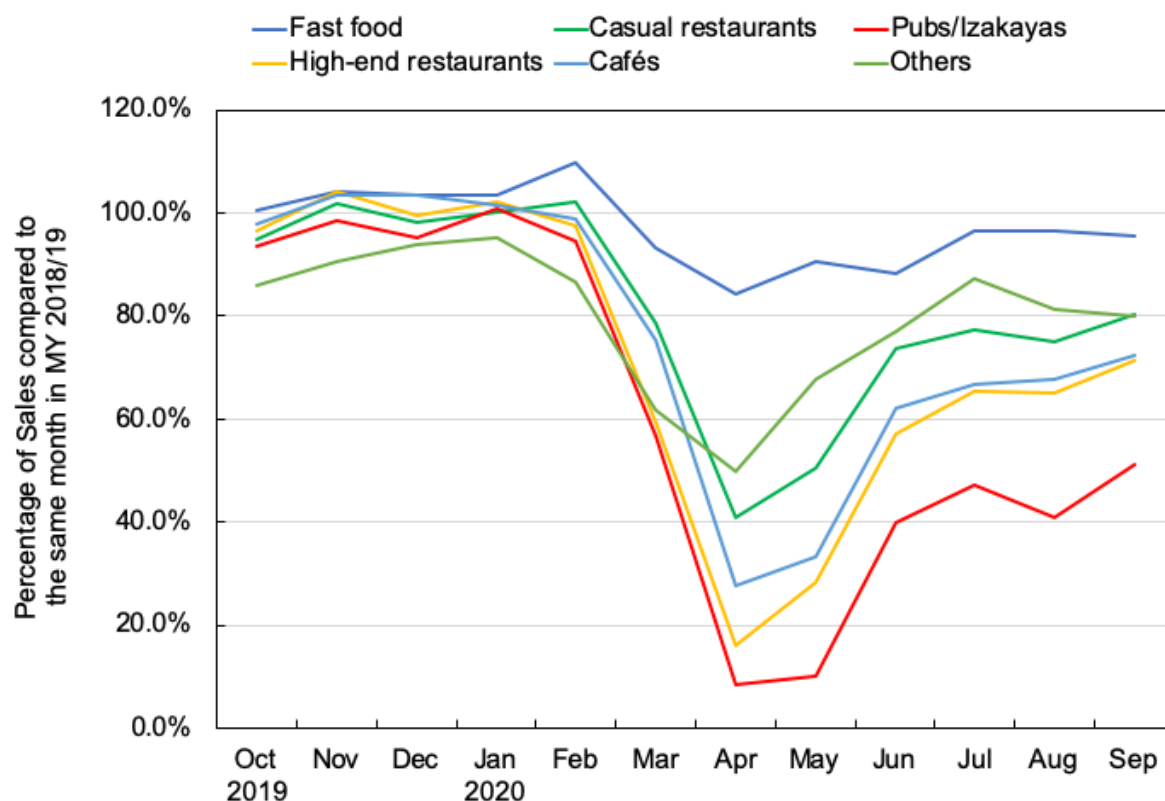
The growing demand for lemons and lemon-like varieties is most closely related to the growing popularity of citrus-flavored alcoholic beverages. Restaurants and Japanese-style pubs (“Izakaya”) are the primary consumers of lemons. Therefore, the COVID-19-related downturn in the HRI sector significantly reduced MY 2019/20 lemon consumption, especially during the State of Emergency in April and May of 2020 (Figure 1). According to Japan Foodservice Association, HRI sales in April of 2020 were less than 10 percent of sales in April of 2019. An increase in household consumption of fruit-based, including lemon-flavored, alcoholic beverages partially offset the loss in the HRI sector. According to the household survey conducted by the Ministry of Internal Affairs and Communications, household consumption of fruit-based alcoholic drinks in May 2020 was up 52.6 percent compared to May 2019.

FAS/Tokyo estimates the total MY 2019/20 lemon and lime consumption fell to 99,000 MT, of which 97,000 MT represented lemons and the remaining 2,000 MT was limes. FAS/Tokyo estimates 10,000 MT of 97,000 MT of MY 2019/20 lemon stock was carried over into the 2020/21 MY. In the 2020/21 MY, assuming the lifting of COVID-19 restrictions and a recovery of HRI consumption, FAS/Tokyo forecasts lemon consumption will recover to 105,000 MT, of which 10,000 MT will be carried over from the 2019/20 MY (the carryover inventory is not included in the PS&D table). Japan’s lime consumption will remain flat at 2,000 MT in 2020/21 MY. Japan’s total MY 2020/21 lemon and lime consumption will be 105,000 MT, when the carryover stock of 10,000 MT is taken into account.

## **Imports**

In the 2019/20 MY, Japan’s fresh lemon imports decreased 18.2 percent to 46,500 MT due to reduced consumption. The United States supplied 24,950 MT or over 53 percent of Japan’s fresh lemon imports in MY 2019/20. Chile is the second largest lemon exporter to Japan and does not directly compete with U.S. lemon exports due to complementary seasons. Chile typically exports lemons to Japan between June and October. In light of the growing demand for lemons, FAS/Tokyo forecasts Japan’s MY 2020/21 lemon imports will increase only to 50,000 MT, due to the 10,000 MT in lemon inventory left over from MY 2019/20.

Figure 1. Comparison of MY 2019/20 and MY 2018/19 Monthly Restaurant Sales



Source: Japan Foodservice Association

COVID-19 has similarly impacted lime imports, which held steady between 2,000 and 2,300 MT during the preceding 10 years. In the 2019/20 MY, fresh lime imports fell by 16.8 percent to 1,882 MT. Mexico supplies over 99 percent of limes to Japan. FAS/Tokyo forecasts lime imports will return to 2,000 MT in the 2020/21 MY, provided COVID-19 restrictions are lifted.

FAS/Tokyo forecasts the total MY 2020/21 lemon and lime imports to Japan to reach 52,000 MT, up 8 percent compared to the 2019/20 MY.

### Exports

Japan's MY 2019/20 fresh lemon and lime exports were negligible (less than 1 MT) and will remain so in the 2020/21 MY.

### Policy

There is no tariff on lemons or limes imported into Japan.

## Orange Juice

### PS&D Table

| Orange Juice<br>Market Year Begins<br>Japan | 2018/2019     |          | 2019/2020     |          | 2020/2021     |          |
|---------------------------------------------|---------------|----------|---------------|----------|---------------|----------|
|                                             | Oct 2018      |          | Oct 2019      |          | Oct 2020      |          |
|                                             | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Deliv. To Processors (MT)                   | 0             | 0        | 0             | 0        | 0             | 0        |
| Beginning Stocks (MT)                       | 22980         | 22980    | 26379         | 26379    | 0             | 40140    |
| Production (MT)                             | 0             | 0        | 0             | 0        | 0             | 0        |
| Imports (MT)                                | 74512         | 74512    | 68000         | 75992    | 0             | 68000    |
| Total Supply (MT)                           | 97492         | 97492    | 94379         | 102371   | 0             | 108140   |
| Exports (MT)                                | 1413          | 1413     | 100           | 2231     | 0             | 2500     |
| Domestic Consumption (MT)                   | 69700         | 69700    | 70800         | 60000    | 0             | 68000    |
| Ending Stocks (MT)                          | 26379         | 26379    | 23479         | 40140    | 0             | 37640    |
| Total Distribution (MT)                     | 97492         | 97942    | 94379         | 102371   | 0             | 108140   |
| (MT)                                        |               |          |               |          |               |          |

Note: The PS&D table does not include juice produced from domestic tangerines.

### Production

Japan produces very limited volume of fresh oranges domestically, and Japan's orange juice production is negligible. Nevertheless, in MY 2019/20, due to unfavorable weather, nearly 10 percent more of domestic tangerines/mandarins did not satisfy distribution standards for fresh consumption and were diverted to processing. As a result, FAS/Tokyo estimates that Japan produced 7,200 MT of Unshu Mikan juice at 65 Brix equivalent in MY 2019/20. Although weather conditions for tangerines have been more favorable in the 2020/21 MY, FAS/Tokyo still expects about 5,500 MT of juice to be produced from Unshu Mikan not fit for direct consumption. The PS&D table for orange juice does not include domestically produced Unshu Mikan juice.

### Consumption

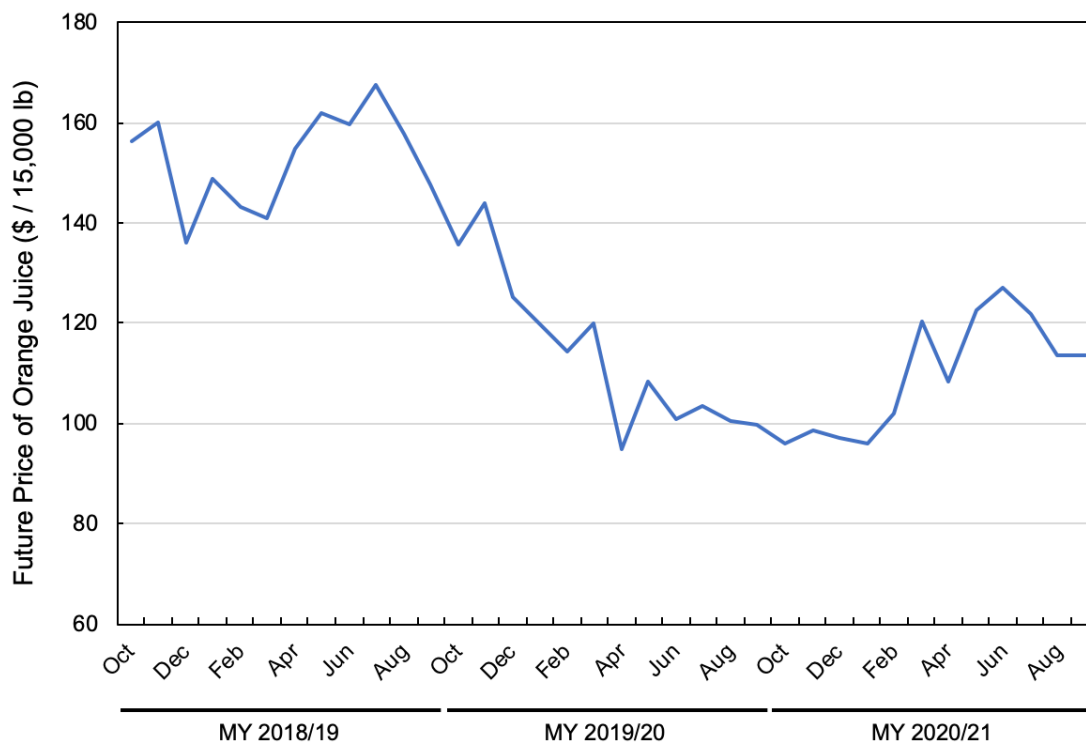
Due to consumers' concerns about sugar content, orange juice<sup>4</sup> consumption in Japan is continuously declining. The Japan soft drink association estimated annual decline in fruit-based drink production/consumption at 3-5 percent between 2014 and 2019. Orange juice consumption occurs primarily outside the home and was negatively impacted by the COVID-19 pandemic. FAS/Tokyo estimates MY 2019/20 orange juice consumption in Japan was down 14 percent at 60,000 MT at 65 Brix equivalent. FAS/Tokyo forecasts Japan's 2020/21 MY orange juice consumption to largely recover to 68,000 MT at 65 Brix equivalent, provided the HRI sector rebounds.

### Imports

Brazil is the leading supplier of orange juice to Japan. Due to concerns about increased global demand for orange juice during the pandemic, Japan imported a relatively large volume of 75,992 MT at 65 Brix equivalent, when the orange juice price dropped, especially in May and September of 2020 (Figure 2). In light of high beginning stocks and declining consumption, FAS/Tokyo forecasts Japan's 2020/21 MY orange juice imports will decrease by 10.5 percent to 68,000 MT at 65 Brix equivalent.

<sup>4</sup> In the present report, "orange juice" represents all commodities traded under HS codes 200911, 200912, 200919.

Figure 2. Variation in Orange Juice Futures Price



Sources: Future Media Limited and FAS/Tokyo

### Exports

Contrary to the [2019 FAS/Tokyo's forecast](#) of Japan's orange juice exports returning to MY 2017/18 level, Japan increased orange juice exports by 58 percent to 2,231 MT at 65 Brix equivalent in 2019/20 MY. Approximately 80 percent of orange juice exports went to Vietnam and New Zealand. Given the Government of Japan's recent efforts to increase agricultural exports, FAS/Tokyo forecasts Japan will continue to increase orange juice exports to 2,500 MT in the 2020/21 MY.

### Policy

The USJTA provides a stepwise tariff elimination for non-frozen and non-concentrated orange juice with a 10-20 Brix value without added sugar (Table 3). Between April 1, 2020 and March 31, 2021, the tariff for HS 2009.12.290 is 18.5%. This tariff will be reduced to 16.2% from April 1, 2021 through March 31, 2022.

Table 3. Tariff Schedule for U.S. Orange Juice (HS 2009.12.290) under USJTA

| Product                                                          | JFY <sup>5</sup><br>2020 | JFY<br>2021 | JFY<br>2022 | JFY<br>2023 | JFY<br>2024 | JFY<br>2025 | JFY<br>2026 | JFY<br>2027 | JFY<br>2028 |
|------------------------------------------------------------------|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Orange Juice,<br>Not Frozen,<br>No sugar added,<br>Brix below 20 | 18.5%                    | 16.2%       | 13.9%       | 11.5%       | 9.2%        | 6.9%        | 4.6%        | 2.3%        | Free        |

Source: FAS/Tokyo

For other orange juice categories, the tariff rates for U.S. exports to Japan are in line with its tariff rates for World Trade Organization (WTO) members (Table 4).

Table 4. Japan Import Duties for Orange Juice (as of Dec 15, 2020)

| Tariff Code<br>(HS) | Description                                                                                                                                                      | WTO/US<br>Duty Rate                         |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 2009.11.110         | Orange juice, frozen, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained                                       | 25.5%                                       |
| 2009.11.190         | Orange juice, frozen, containing added sugar, other                                                                                                              | 29.8% or 23 yen/kg,<br>whichever is greater |
| 2009.11.210         | Orange juice, frozen, not containing added sugar, not more than 10% by weight of sucrose                                                                         | 21.3%                                       |
| 2009.11.290         | Orange juice, frozen, not containing added sugar, other                                                                                                          | 25.5%                                       |
| 2009.12.110         | Orange juice, not frozen, of a Brix value not exceeding 20, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained | 25.5%                                       |
| 2009.12.190         | Orange juice, not frozen, of a Brix value not exceeding 20, containing added sugar, other                                                                        | 29.8% or 23 yen/kg,<br>whichever is greater |
| 2009.12.210         | Orange juice, not frozen, of a Brix value not exceeding 20, not containing added sugar, not more than 10% by weight of sucrose                                   | 21.3%                                       |
| 2009.19.110         | Orange juice, other, containing added sugar, not more than 10% by weight of sucrose, naturally and artificially contained                                        | 25.5%                                       |
| 2009.19.190         | Orange juice, other, containing added sugar, other                                                                                                               | 29.8% or 23 yen/kg,<br>whichever is greater |
| 2009.19.210         | Orange juice, other, not containing added sugar, not more than 10% by weight of sucrose                                                                          | 21.3%                                       |
| 2009.19.290         | Orange juice, other, not containing added sugar, other                                                                                                           | 25.5%                                       |

**Attachments:**

No Attachments

<sup>5</sup> Japanese Fiscal Year (JFY) begins on April 1<sup>st</sup> and ends on March 31<sup>st</sup>. JFY 2020 began on April 1, 2020.