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Report Highlights:

The 2003/04 season's U.S. grapefruits sold in record numbers, with imports up 18 percent in the first half of the season. The nation's stock levels in the final stage of the season have Japanese citrus traders concerned, however. High quality U.S. oranges also sold well this season, with imports up 12.3 percent in the first half of the season. While consumption was stable, imports of U.S. lemons declined 6.6 percent in the first half of the season, with competition from Chile and South Africa increasingly supplying Japan's summer citrus market.

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High Quality U.S. Grapefruit Sold Well in Japan

The 2003/04 crop of U.S. grapefruits sold in record numbers at supermarkets, retail stores and restaurants nationwide. High quality U.S. grapefruit attracted Japanese traders and quality oriented Japanese consumers. Japanese imports of Florida grapefruit will likely reach a record of 12.0 million cartons (204,000 metric tons) in the 2003/04 season, up approximately 15 percent from the previous season. In the first half of the season (October 2003 through March 2004) Japan imported 147,498 metric tons of grapefruit from the United States, up approximately 18 percent from the same period the previous season. This season's U.S. grapefruit had good flavor throughout the season with higher Brix levels, and good sales already started before Christmas with early-crop fruit, selling over 2 million cartons (34,000 metric tons) before the New Year 2004. Japan imported \$172.2 million (CIF) of U.S. grapefruit in the last season.

Weather plays a significant role in sales of grapefruit in Japan, and warm weather in February helped U.S. grapefruit sales, but cold March weather meant sales in March did not perform to Japanese traders' expectations. April and May including Japan's Golden Week Holiday were prime season for marketing U.S. grapefruit and sales of U.S. grapefruit reached over 500,000 cartons (8,500 metric tons) per week nationwide.

Japanese citrus traders anticipated a flavorful crop and increased their purchases of U.S. grapefruits, leading to an over-supply since March 2004. In mid-May, there were over 2.4 million cartons (40,8000 metric tons) of U.S. grapefruit in the nation's cold storage facilities, sufficient to supply grapefruit to the Japanese market for approximately 5 weeks.

In early May, Florida grapefruit traded at Tokyo's Ohta Wholesale Market at \$24.81 (2,800 yen) for a carton of size 27 (27 grapefruit in a 17-kg carton), 32 and 36. Sizes 40 and 48 were trading at \$23.04 (2,600 yen) and \$22.15 (2,500 yen), respectively. Ruby grapefruit were trading at slightly higher prices (approximately 5 percent) than white ones due to higher demand. A large sized U.S. grapefruit (sizes 32 or 36) sells for \$1.15 (130 yen) per fruit at Tokyo's supermarkets. A medium sized fruit (size 40) sells at \$0.88 (100 yen) per fruit or \$3.52 (398 yen) for a bag of 6.

In early June, the nation's stocks of U.S. grapefruit accounted for approximately 1.5 million cartons (25,500 metric tons), enough to supply approximately 3 weeks, and some traders started selling at discounted prices in order to liquidate their products before deteriorating. Wholesale prices have significantly declined at Tokyo's Ohta Wholesale Market in early June and U.S. grapefruit were trading at \$18.61 (2,100 yen) for a carton of sizes 27, 32, 36 and 40. Size 48 grapefruit were trading at \$15.06 (1,700 yen) for a carton, down approximately 40 percent.

* The exchange rate of 112.82 yen per dollar is based on the Nikkei News quote on May 19, 2004.

FDOC's Creative Marketing Increased Sales of Florida Grapefruit

Japanese traders cooperated with the Florida Department of Citrus (FDOC) to launch a new marketing campaign which increase sales of Florida grapefruit to achieve record sales of 12 million cartons. Traditionally, Japanese traders prefer so-called "Japan Grade" grapefruit, top quality USDA Fancy grade, in order to satisfy demand by quality conscious Japanese consumers, but the supply of Fancy grade fruit is limited. For the first time in Japan, Florida growers and FDOC promoted the sales of USDA Choice grade grapefruit in retail stores and supermarkets in packages of 4 to 6 with a plastic squeezer to make fresh squeezed juice at home. Choice grade grapefruit may have minor wind scars on the fruit surface but their

flavor and sweetness are equal to the USDA Fancy grade. Tokyo supermarkets sold a package of 4 to 6 grapefruits at \$4.25 (480 yen).

U.S. Oroblancos and Texas Star Ruby Become Regular Players

The U.S. Oroblanco, the same variety as the Israel Sweetie, became a regular item in Japan's supermarkets. Japan imported Oroblancos from California and Arizona from late October through early December 2003, directly competing with Israel Sweeties. High quality U.S. Oroblancos took market shares, with imports reaching 90,000 – 100,000 cartons (1,370 – 1,520 metric tons) in the 2003/04 season, according to Tokyo traders.

Texas Star Ruby grapefruit also became an important product in the Japanese fresh produce market, with a good reputation among Japanese traders and consumers. Japan imported 50,000 cartons (905 metric tons) of Texas Star Ruby grapefruit in the 2003/04 season, with sales from early December through late January in supermarkets and retail stores nationwide. Texas Star Rubies were largely gift items during Japan's year-end gift giving season.

Season's First Shipments of South African Citrus Products Arrive Mid-June

The first shipment of South African and Swaziland citrus products (grapefruits and lemons) are scheduled to arrive in Japan on June 8, according to Tokyo traders. Japanese imports of South African grapefruit will likely increase 10 to 15 percent this season to 4.4 to 4.6 million cartons (74,800 to 78,200 metric tons). Grapefruit shipments to Japan are likely to continue until late September. Reportedly, there are many small sized grapefruit in this season's crop, with higher sweetness levels (approximately 10 degree Brix). As of May 15, with 1.95 million cartons (33,150 metric tons) of U.S. grapefruit stocked in the nation's cold storage facilities, twice as much as the same time last year, Japanese traders anticipate that South African grapefruit will be trading at lower prices than last season until U.S. product is mostly liquidated.

South Africa plans to supply 500,000 cartons (7,500 metric tons) of lemons to the Japanese market this season. Starting this season, South Africa will ship lemons in 15-kilogram cartons instead of 17-kilogram ones. South African will supply oranges to the Japanese market from late June through September, with the total volume expected to be 800,000 cartons (13,600 metric tons), according to Tokyo citrus traders.

Japanese Israel Sweetie Sales Up

Japan imported 623,000 cartons (8,353 metric tons) of Israeli Sweeties in the 2003/04 season, up approximately 8.2 percent from the previous season. The total shipments were delivered to Japan in three boats, with the first boat arriving in mid-November 2003, followed by the second and third boats in early- and mid-December, respectively. This season's Israeli Sweeties had good flavor and higher Brix levels (10 degree) and sold well among Japanese traders. The FOB prices this season were reportedly \$13 per 13.5 kilogram-carton, according to Tokyo traders. In the early season, Israeli Sweeties were trading at \$20.38 (2,300 yen) for a 13.5-kilogram carton at the Tokyo Ohta Wholesale Market, with fairly high demand among Japanese traders, and retailed at \$1.32 (150 yen) per fruit in Tokyo supermarkets. Sweeties were particularly popular among Japanese young women because of their flavor and color. However, beginning in December Sweeties could not keep their higher prices in the face of competition from Florida and California product. The total CIF value of Israeli Sweeties was \$8.6 million in the 2003/04 season.

High Quality U.S. Oranges Sold Well in Japan

This year's crop of U.S. oranges has sold well in the Japanese market since the market opened in November. In the first six months of the season (October 2003 - March 2004), Japanese imports of U.S. oranges were 31,647 metric tons, up approximately 12.3 percent from the same period in the previous season. Japanese imports of U.S. oranges will likely reach 95,000 metric tons in the 2003/04 season, according to Tokyo citrus traders. The two reasons, according to Japanese traders, are good supply of high quality fruit throughout the season and poor Japanese Mikan tangerine sales in February and March 2004. Japanese market sales of U.S. oranges have been steady and the nation's inventory has remained approximately 500,000 cartons (8,500 metric tons), enough to supply approximately 2.5 weeks of sales nationwide. In early May, Japanese sales of U.S. oranges switched from navels to Valencias. Japan imported \$74.8 million (CIF) of oranges from the United States last season.

In early April 2004, California navels were trading at the Tokyo Ohta Wholesale Market at \$26.59 (3,000 yen) for a 17-kilogram carton for sizes 56 (56 oranges in 17-kg carton), 72 and 88, and \$23.93 (2,700 yen) for size 113. California navel sold at \$0.69 - \$0.88 (78 - 100 yen) for a medium sized fruit at Tokyo supermarkets. In late May 2004, California Valencia oranges were trading at the Tokyo Ohta Wholesale Market at \$24.81 (2,800 yen) for a 17-kilogram carton for sizes 56, 72 and 88, and \$22.15 (2,500 yen) for size 113. Valencia oranges currently sell at \$0.69 - \$0.88 (78 - 100 yen) for a medium sized fruit at Tokyo supermarkets. Small sized oranges sold in a bag at \$3.17 - \$3.54 (358 - 400 yen) for a bag of 6 fruit. In March and April 2004, U.S. Minneolas and Blood Oranges were trading at the Tokyo Ohta Wholesale Market at \$24.81 and \$20.38 (2,800 yen and 2,300 yen) for a 9-kilogram carton, respectively.

Japanese Imports of U.S. Lemons Decreased

In the first half of the 2003/04 season (October 2003 - March 2004), Japan imported 34,399 metric tons of fresh lemons from the United States, down approximately 6.6 percent from the same period in the previous season. Although U.S. sales declined some, the Japanese lemon market remains stable. In late May 2004, the nation's stocks of lemons were approximately 100,000 cartons (1,700 metric tons), approximately 10 days of lemon sales nationwide. Tokyo citrus traders anticipate that Japanese imports of U.S. lemons will likely increase in the second half of the season (April - September 2004) as Japanese fresh lemon demand increases during the early summer. The 2003/04 Japanese imports of U.S. lemons are expected to reach 61,000 - 63,000 metric tons, 2.5 percent down from the previous season. Japan imported \$79.1 million (CIF) of fresh lemons from the United States in the last season.

U.S. lemons are key players in the Japanese market, taking over 75 percent of the nation's lemon sales. Japanese traders generally sell U.S. lemons from October through June, and Chilean and South African lemons from July through September. California can supply lemons to the Japanese market year-round, while Arizona supplies from November through January. In mid May, California lemons were trading at the Tokyo Ohta Wholesale Market at \$33.68 (3,800 yen) for a 17-kilogram carton for sizes 95, 115, 140 and 165. Tokyo supermarkets sold medium sized lemons at \$0.78 - \$0.87 (88 - 99 yen) each, or \$1.57 (178 yen) for a bag of two lemons.

Chile Plays Major Role in Japan's Summer Lemon Market

Chilean lemons established a foothold in Japan's summer lemon market, supplying the seasons crop of citrus products to Japan from June through September. Japanese imports of

Chilean lemons surpass California lemons in July, August and September, since California lemons deteriorate quickly during summer months due to Japan's hot temperatures and humidity. Chilean lemon sales are expected to expand this season, according to Tokyo citrus traders. Japanese imports of Chilean lemons were \$15.9 million (CIF) last season.

PS&D Tables and Trade Matrices

Fresh Orange PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Fresh Oranges					
					(HECTARES (1000 TREES))(100 0 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	1330	1330	1260	1260	1210	1210
Area Harvested	1330	1330	1260	1260	1210	1210
Bearing Trees	798	798	756	756	726	726
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	798	798	756	756	726	726
Production	18	18	17	17	15	15
Imports	99	99	121	121	120	125
TOTAL SUPPLY	117	117	138	138	135	140
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	115	115	136	136	133	138
Processing	2	2	2	2	2	2
TOTAL DISTRIBUTION	117	117	138	138	135	140

Orange Juice PS&D Table

PSD TABLE						
Country	Japan		65 Degrees Brix			
Commodity	Juice, Orange		(MT)			
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Deliv. To Processors	2000	2000	2000	2000	2000	2000
Beginning Stocks	15000	15000	15000	15000	15000	15000
Production	200	200	200	200	200	200
Imports	96629	96629	96575	96575	96000	96000
TOTAL SUPPLY	111829	111829	111775	111775	111200	111200
Exports	0	0	0	0	0	0
Domestic Consumption	96829	96829	96775	96775	96200	96200
Ending Stocks	15000	15000	15000	15000	15000	15000
TOTAL DISTRIBUTION	111829	111829	111775	111775	111200	111200

Fresh Orange Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Fresh Oranges		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2001		2002
U.S.	78393	U.S.	90956
Others		Others	
South Africa	8114	South Africa	13118
Australia	6501	Australia	10158
Chile	3973	Chile	6779
Spain	1648	Swaziland	194
Mexico	391	Mexico	167
Swaziland	241	New Zealand	139
New Zealand	99	Argentine	23
Total for Others	20967		30578
Others not Listed	3		0
Grand Total	99363		121534

Orange Juice Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Juice, Orange		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2001		2002
U.S.	12395	U.S.	7398
Others		Others	
Brazil	73848	Brazil	82154
Mexico	3945	Mexico	1730
Italy	3050	Belize	1575
Belize	1457	Italy	1299
Australia	759	Australia	992
Spain	248	Israel	418
Israel	217	Spain	294
Canada	145	Canada	157
Cuba	129	Netherland	156
South Korea	111	South Korea	129
Total for Others	83909		88904
Others not Listed	325		273
Grand Total	96629		96575

Fresh Orange Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Fresh Oranges		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan	184	172	-7%
Feb	168	155	-8%
Mar	161	162	1%
Apr	188		-100%
May	185		-100%
Jun	167		-100%
Jul	150		-100%
Aug	141		-100%
Sep	134		-100%
Oct	128		-100%
Nov	132		-100%
Dec	160		-100%
Exchange Rate	112.82	Local Currency/US \$	
Date of Quote	5/19/2004	MM/DD/YYYY	

Fresh Grapefruit PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	0	0	0	0	0	0
Imports	277	277	272	272	275	300
TOTAL SUPPLY	277	277	272	272	275	300
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	277	277	272	272	275	300
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	277	277	272	272	275	300

Grapefruit Juice PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Juice, Grapefruit					(MT)
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Deliv. To Processors	0	0	0	0	0	0
Beginning Stocks	2000	2000	1000	1000	1000	1000
Production	0	0	0	0	0	0
Imports	29925	29925	31272	31272	32000	32000
TOTAL SUPPLY	31925	31925	32272	32272	33000	33000
Exports	0	0	0	0	0	0
Domestic Consumption	30925	30925	31272	31272	32000	32000
Ending Stocks	1000	1000	1000	1000	1000	1000
TOTAL DISTRIBUTION	31925	31925	32272	32272	33000	33000

Fresh Grapefruit Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Fresh Grapefruit		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2001		2002
U.S.	209262	U.S.	194357
Others		Others	
South Africa	52548	South Africa	65330
Israel	9907	Israel	7718
Swaziland	5009	Swaziland	4893
Cuba	75	Chile	153
Chile	41	Argentina	23
		Cuba	19
Total for Others	67580		78136
Others not Listed	1		1
Grand Total	276843		272494

Grapefruit Juice Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Juice, Grapefruit		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2001		2002
U.S.	20119	U.S.	19122
Others		Others	
Israel	7022	Israel	9724
Cuba	1010	Cuba	839
Italy	437	Australia	499
Australia	444	Belize	379
Belize	296	Italy	209
Netherlands	219	Netherlands	195
Iceland	114	South Africa	129
Mexico	96	Canada	54
Canada	33	Austria	49
Austria	31	Spain	44
Total for Others	9702		12121
Others not Listed	104		29
Grand Total	29925		31272

Fresh Grapefruit Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Fresh Grapefruit		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan	146	132	-10%
Feb	143	135	-6%
Mar	152	145	-5%
Apr	161		-100%
May	161		-100%
Jun	157		-100%
Jul	156		-100%
Aug	159		-100%
Sep	152		-100%
Oct	150		-100%
Nov	154		-100%
Dec	139		-100%
Exchange Rate	112.82	Local Currency/US \$	
Date of Quote	5/19/2004	MM/DD/YYYY	

Fresh Lemon PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Fresh Lemons					(HECTARES)(1000 TREES)(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	2	2	2	2	2	2
Imports	89	89	89	89	90	88
TOTAL SUPPLY	91	91	91	91	92	90
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	91	91	91	91	92	90
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	91	91	91	91	92	90

Lemon Juice PS&D Table

PSD TABLE						
Country	Japan					
Commodity	Juice, Lemon (MT)					
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2001		10/2002		10/2003
Deliv. To Processors	0	0	0	0	0	0
Beginning Stocks	2000	2000	1500	1500	500	500
Production	0	0	0	0	0	0
Imports	12506	12506	9995	9995	12000	12000
TOTAL SUPPLY	14506	14506	11495	11495	12500	12500
Exports	0	0	0	0	0	0
Domestic Consumption	13006	13006	10995	10995	11000	11000
Ending Stocks	1500	1500	500	500	1500	1500
TOTAL DISTRIBUTION	14506	14506	11495	11495	12500	12500

Fresh Lemon Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Fresh Lemons		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2001		2002
U.S.	65165	U.S.	63524
Others		Others	
Chile	15766	Chile	13960
South Africa	4141	South Africa	8437
Australia	2267	Australia	1259
New Zealand	1421	New Zealand	1050
Spain	207	Argentina	701
Total for Others	23802		25407
Others not Listed	2		0
Grand Total	88969		88931

Lemon Juice Import Trade Matrix

IMPORT TRADE MATRIX			
Country	Japan		
Commodity	Juice, Lemon		
Time Period	Oct.-Sept.	Units:	Metric Tons
Imports for:	2001		2002
U.S.	591	U.S.	577
Others		Others	
Israel	5066	Israel	4056
Italy	3814	Argentina	2409
Argentina	2782	Italy	2244
Chile	191	Brazil	374
Spain	47	Spain	313
		Chile	22
Total for Others	11900		9418
Others not Listed	15		0
Grand Total	12506		9995

Fresh Lemon Wholesale Price Table

PRICES TABLE			
Country	Japan		
Commodity	Fresh Lemons		
Prices in	Yen	per uom	KG
Year	2003	2004	% Change
Jan	210	160	-24%
Feb	192	159	-17%
Mar	169	190	12%
Apr	198		-100%
May	260		-100%
Jun	235		-100%
Jul	213		-100%
Aug	194		-100%
Sep	186		-100%
Oct	188		-100%
Nov	183		-100%
Dec	166		-100%
Exchange Rate	112.82	Local Currency/US \$	
Date of Quote	5/19/2004	MM/DD/YYYY	