

COMMENT

—Japan

Vegetable export opportunities in post-disaster Japan

TOKYO—Declining agricultural production, a reduction in farmer numbers and last year's triple tsunami-earthquake and nuclear disaster are fuelling demand for vegetable imports.



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Japan is a growing, largely overlooked market opportunity for the world's fresh vegetable exporters. The market has traditionally been supplied locally, but over the past three decades, the country's total food self-sufficiency rate on a per calorie supply basis has dropped from 53 per cent to 39 per cent.

Consumers still consider domestic produce to be safer and higher in quality than imports; however, Japanese agriculture is becoming a less viable source. Vegetable production has dropped by 25 per cent between 1990 and 2010 (see top table). This can be attributed to the fact that, as Japan rapidly ages, a higher urban migration is occurring and fewer people are involved in farming. In 2010, there were 2.6m people classified as farmers, a 33 per cent decline since the year 2000.

At the same time, vegetable imports have also grown. Aggregate vegetable imports fell significantly between 2007 and 2009 as food poisoning and pesticide incidents

in China caused people to shy away from vegetables supplied by that country, the market's leading supplier. In 2009 and 2010, Japanese officials reassured consumers by enhancing traceability initiatives, and encouraging greater supply from the US, New Zealand and Mexico. As a result, vegetable imports grew from 2.53m tonnes in 2009 to 2.9m tonnes in 2011. Since 1990, overall vegetable imports have grown by 87 per cent and increased significantly as a percentage of consumption.

On March 11, 2011, the Great Eastern Japan earthquake and tsunami shook Japan's northeastern Tohoku region and washed away 23,000ha of farmland. Subsequent levels of high radiation, detected in soil of prefectures over 40km from the quake-stricken Fukushima No. 1 nuclear power plant, resulted in restricted produce distribution and increased consumer purchasing reticence. Losses of Tohoku production could significantly impact Japan's total production and consumption, as the second table here illustrates. Food safety concerns affected not only nearby prefectures, but the entire Tohoku region - representing 17 per cent of Japan's cultivated farmland.

Radiation levels are slowly normalising but anxious consumers continue to push retailers to prioritise produce from other parts of Japan and foreign countries. As a result the volume and variety of imported produce have sharply increased, and are set to continue climbing.

Japan is coping with all of its challenges: a shrinking farming population; an unexpected burden of post-disaster recovery; and the need to provide adequate fresh and safe produce. While consumers in the world's third-largest economy are spending more cautiously, the affluent Japanese have more disposable income than consumers in most other nations. Although household spending on food products is forecast to dip, retailers and importers alike are confident health-conscious families and the country's aging population will propel demand for fresh produce. As local production declines and import demand rises, global vegetable exporters can augment their market share by convincing picky Japanese consumers their vegetables are attractive, affordable, superior in taste and above all, high in quality. **A**

JAPAN'S CHANGING VEGETABLE MARKET

	PRODUCTION '000 TONNES	IMPORTS '000 TONNES	CONSUMPTION* '000 TONNES	IMPORTS % OF CONSUMPTION
1990	15,845	1,551	17,394	9%
1995	14,671	2,628	17,229	15%
2000	13,704	3,124	16,826	19%
2011	8,784	2,899	11,672	25%

* Theoretical consumption = production + imports - exports. Due to the relatively small amount of Japanese exports their figures were omitted.

2010 VEGETABLE PRODUCTION IN TOHOKU PREFECTURE

CROP	NATIONAL OUTPUT '000 TONNES	TOHOKU OUTPUT '000 TONNES	TOHOKU %
Chinese cabbage	889	65	7%
Cucumbers	588	112	19%
Carrots	538	41	8%
Leeks	478	61	13%
Eggplant	330	29	9%
Burdock	161	58	36%

Source: MAFF; Vegetable Total and Aggregate Information Network

BRIEFING
—Americas

Ecuador bananas trend upwards

ECUADOR The Ecuadorean Banana Exporters Association (AEBE) expects the industry to hit an export record of 300m boxes this year, following a 5 per cent growth in volume to 286m boxes in 2011.

AEBE's executive director Eduardo Ledesma claimed that exports would increase despite the ongoing impact of poor prices in the European Union (EU) and the lack of a free trade deal between Ecuador and the EU. The EU remained the biggest market for Ecuadorean bananas last year, receiving 111.9m boxes, according to local reports, but Russia, eastern Europe and the Middle East showed the most dynamic increases in sales, while sales to the US decreased.

Meanwhile, Oxfam Germany has criticised the country's biggest retailers for "massive violations" of labour rights at Ecuadorean banana plantations supplying them. Based on worker interviews, its Bitter Bananas report holds five German supermarket companies – Edeka, Rewe Group, Aldi, Lidl (Schwarz Group) and Metro Group – responsible for alleged inhumane working conditions. Suppliers Dole, Reybanpac and Noboa were also lambasted.

Metro claimed it did "not tolerate any kind of exploitation by any of its suppliers", while Rewe

CHILE The South American fruit supplier is set to maintain last year's apple and pear output in 2012. Analyst Decofruit told ASIAFRUIT it expected a similar or slightly larger apple export crop and a 2 per cent increase in pear volume. Chile exported 794,452 tonnes of apples in 2011 – 13 per cent to Asia – according to Expordata-Asoex. *_GM*



advised that "only about 5 per cent" of the total volume of bananas it sold were sourced from Ecuador. Edeka said it was "well aware of its responsibility to help improve the working conditions in supplier countries on a permanent basis".

On the supply side, Dole said it would meet Oxfam in January before issuing a response and Reybanpac pointed out it was "in compliance with all Ecuadorean regulations related to the banana business, production and exportation, as well as the constitution, labour, social and environmental laws". *_GM & SM*

CANADA The Vancouver-based Oppenheimer Group has reported the arrival of the season's first shipments of New Zealand apricots, with airfreighted volumes arriving on both coasts of North America. After a short Chilean deal, the fresh produce marketer expects the produce to have special appeal in coming weeks. *_CC*

BANANA LAW As a result of market saturation, Ecuador's government was compelled to spend US\$15m buying surplus bananas for 13 weeks from August last year. Discussions to set a reference price that satisfies growers and exporters for 2012 are ongoing.



Q&A

Gill McShane

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What are the key issues in the North American market?

The new year has got off to a steady start, despite the lingering recession, which has led to poor results for some retailers. A major foodborne illness outbreak at the end of the year also brought a lull in consumer confidence. Americans, however, are still keen to follow the healthy-eating trend and fresh produce definitely remains in demand.

What should Asian suppliers be looking out for?

It appears that the USDA is planning to allow into the US imports of Chinese sand pears from approved fruit fly-free zones in China, which should buoy hopes for exporters of the variety. Visitors to PMA's annual Fresh Summit convention should also be aware that the third day of the exhibition has been dropped as of the 2012 edition, which means that the trade show floor will only be open on Saturday and Sunday.

What is featured in the Feb/March issue of AMERICAFRUIT?

As well as a special report on Mexico as a supplier, including a keynote interview with Gabriel Padilla from the Mexican ministry of agriculture, we take a look at the current status of the Miami import market and the future prospects for shipping, food safety and traceability in North America.