

Voluntary Report – Voluntary - Public Distribution

Date: February 04,2020

Report Number: JA2020-0027

Report Name: Japan Lowers Planned NFDM Imports for JFY 2020

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation, Dairy and Products, Trade Policy Monitoring

Prepared By: Aki Imaizumi

Approved By: Alexander Blamberg

Report Highlights:

On January 31, the Japanese government announced planned import volumes of butter and non-fat dry milk (NFDM) for Japanese fiscal year 2020. The government will maintain butter import volumes at 20,000 MT and decrease planned NFDM imports to 4,000 MT from 6,000 MT the previous year. The government cited weak domestic demand for skimmed milk powder and high ending stocks behind the decision to reduce NFDM imports.

General Information:

On January 31, 2020, Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) announced plans to import 20,000 metric tons (MT) of butter and 4,000 MT of non-fat dry milk (NFDM) for Japanese fiscal year (JFY) 2020, which begins April 1, 2020 and ends March 31, 2021. Japanese imports of designated dairy products, including butter and NFDM, are conducted through a state-trading system operated by the Agriculture and Livestock Industries Corporation (ALIC). Each year, MAFF sets the quota volumes based on its analysis of the supply and demand situation in Japan. Tenders for butter will be held every month and for NFDM depending on situation of demand and supply.

The butter import volume of 20,000 MT is unchanged from JFY 2019. MAFF projects that although domestic butter production will continue to trend upward, industrial users will continue to depend on imports to meet growing demand. The Japan Milk Association estimates that JFY 2020 milk production in Hokkaido will increase 3.3 percent compared to the previous year with most of the butter production going to retail and table use. As of December 31, 2019, ALIC had tendered 18,284 MT of the 20,000 MT butter imports planned for JFY 2019.

The planned JFY 2020 NFDM import volume of 4,000 MT is lower than the JFY 2019 volume of 6,000 MT which had been further reduced from an initially announced volume of 14,000 MT (see [JA2019-0023](#)). As yogurt consumption trended downward in JFY 2019, MAFF lowered its target month-ending NFDM stock level from 60,000 MT to 50,000 MT. However, low demand pushed December 2019 ending stocks well above MAFF's target to 69,300 MT (up 13.3 percent from the previous year).

As of December 31, 2019, ALIC had tendered 5,245 MT of the planned 6,000 MT volume for JFY 2019. JFY 2020 tenders will be announced on an ad hoc basis. 750 MT of the 4,000 MT quota will be reserved for milk powder with protein content of 35 percent or higher as provided for a side letter to the U.S.-Japan Trade Agreement. These volumes will be allocated toward the beginning of the tender cycle, according to MAFF. Japan's historical dairy imports under that ALIC quota system are shown in Table 1 below.

Table 1. Japan's Current Access and Additional Importation of Designated Dairy Commodities

Unit: Metric Ton

Dairy Current Access Results

	JFY 2016	Milk Equiv.	JFY 2017	Milk Equiv.	JFY 2018	Milk Equiv.	JFY 2019	Milk Equiv.	JFY 2020	Milk Equiv.
Butter	7,000	86,380	13,000	160,420	13,000	160,420	20,000	246,800	20,000	246,800
NFDM	2,000	12,960	13,000	84,240	27,000	174,960	6,000	38,880	4,000	25,920
Dairy Spread	330	4,072	111	1,370	329	4,060	-	-	-	-
Butter Oil	200	3,030	130	1,970	187	2,833	-	-	-	-
Whey/ Prep. Whey	4,500	30,780	5,818	3,980	5,160	3,529	-	-	-	-
Sub. total	14,030	137,222	32,059	251,980	45,676	345,802	40,000	376,400	24,000	272,720

Japan's Additional Importation of Designated Dairy Commodities

	JFY 2016	Milk Equiv.	JFY 2017	Milk Equiv.	JFY 2018	Milk Equiv.	JFY 2019	Milk Equiv.	JFY 2020	Milk Equiv.
Butter	10,000	123,400	-	-	-	-	-	-	-	-
NFDM	2,000	12,960	21,000	136,080	-	-	-	-	-	-
Sub. Total	12,000	136,360	21,000	21,000	-	-	-	-	-	-
Total	26,030	273,582	53,059	388,060	45,676	345,802	40,000	376,400	24,000	272,720

Source: MAFF and Agriculture and Livestock Industry Corporation (ALIC)

Milk Equivalent Conversion Coefficient:

Butter	12.34
NFDM	6.48
Dairy Spread	12.34
Butter Oil	15.15
Whey Powder	6.84

Attachments:

No Attachments.