

Voluntary Report – Voluntary - Public Distribution

Date: February 03,2021

Report Number: JA2021-0014

Report Name: Japan Lowers Planned Butter and NFDM Imports for 2021

Country: Japan

Post: Tokyo

Report Category: Dairy and Products, Trade Policy Monitoring

Prepared By: Aki Imaizumi

Approved By: Alexander Blamberg

Report Highlights:

On January 29, the Japanese government announced that it would reduce planned imports of butter to 6,400 metric tons (MT) in Japanese fiscal year (JFY) 2021 from 14,000 MT the previous year while maintaining nonfat dry milk imports at 750 MT. Together with other designated dairy products including butter oil, whey, and prepared whey, total planned imports are estimated at 137,341 MT (milk equivalent), the lowest volume since JFY 2013.

General Information:

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

On January 29, 2021, Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF) announced plans to import 6,400 metric tons (MT) of butter and 750 MT of nonfat dry milk (NFDM) for Japan fiscal year (JFY) 2021, which begins on April 1, 2021 and ends on March 31, 2022. The reduction is largely attributable to the COVID-19 pandemic which reduced demand for fluid milk in 2020, pushing excess volumes to further processing into butter and NFDM (see [JA2020-0174](#)). Meanwhile, MAFF increased the quota for butter oil to 1,500 MT, up from 275% from JFY 2020.

The announced butter volume of 6,400 MT reflects a 54 percent decrease from the previous year's final volume of 14,000 MT which had been revised down from an initial volume of 20,000 MT. In its announcement, MAFF noted that butter ending stocks in 2020 totaled 35,095 MT, up nearly 50 percent from 2019. MAFF anticipates that up to 7,000 MT of butter stocks will be used for private sector business development following implementation of government support programs to boost domestic demand.

The NFDM volume of 750 MT is unchanged from the JFY 2020 final volume, which had been revised down from an initial volume of 4,000 MT (see [JA2020-0114](#)). NFDM ending stocks in 2020 totaled 82,276 MT, up 29 percent from 2019. MAFF projects that around 20,000 MT of NFDM stocks will be diverted to animal feed as a result of government support programs (see [JA2020-0059](#)).

Together with announced volumes for other designated dairy products including butter oil, whey, and prepared whey, total planned imports are estimated at 137,341 MT (milk equivalent), the lowest volume since JFY 2013 (see Appendix Table 1) and just above Japan's WTO quota commitment of 137,202 MT (see Appendix Table 2). The Japanese government has the ability to adjust quota volumes throughout the year to reflect changing market conditions. Between JFY 2014 and JFY 2017, the government conducted additional imports of both butter and NFDM. However, the government has not made any additional purchases since JFY 2018 and has occasionally reduced quota volumes below the initial announcement.

Imports of designated dairy products are conducted through a state-trading system operated by the Agriculture and Livestock Industries Corporation (ALIC). Butter tenders will be held every month and tenders for other products on an ad hoc basis depending on the demand and supply situation.

APPENDIX

Table 1: Japan's Dairy Current Access Results								
Unit: Metric Ton								
	JFY 1995	Milk Equiv.	JFY 1996	Milk Equiv.	JFY 1997	Milk Equiv.	JFY 1998	Milk Equiv.
Butter	0	0	0	0	0	0	0	0
NFDM	18,000	116,640	17,700	114,696	17,400	112,752	17,100	110,808
Dairy Spread	0	0	0	0	0	0	0	0
Butter Oil	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Whey/ Prep. Whey	2,998	20,506	3,195	21,854	3,600	24,624	3,900	26,676
<i>Sub. Total</i>	<i>20,998</i>	<i>137,146</i>	<i>20,895</i>	<i>136,550</i>	<i>21,000</i>	<i>137,376</i>	<i>21,000</i>	<i>137,484</i>
Japan's Additional Importation of Designated Dairy Commodities								
Butter	0	0	0	0	0	0	0	0
NFDM	0	0	0	0	0	0	0	0
<i>Sub. Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Grand total	20,998	137,146	20,895	136,550	21,000	137,376	21,000	137,484
	JFY 1999	Milk Equiv.	JFY 2000	Milk Equiv.	JFY 2001	Milk Equiv.	JFY 2002	Milk Equiv.
Butter	0	0	0	0	3,640	44,918	8,810	108,715
NFDM	16,800	108,864	16,600	107,568	10,500	68,040	0	0
Dairy Spread	0	0	0	0	0	0	0	0
Butter Oil	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Whey/ Prep. Whey	4,200	28,728	4,500	30,780	3,828	26,184	4,488	30,698
<i>Sub. Total</i>	<i>21,000</i>	<i>137,592</i>	<i>21,100</i>	<i>138,348</i>	<i>17,968</i>	<i>139,141</i>	<i>13,298</i>	<i>139,413</i>
Japan's Additional Importation of Designated Dairy Commodities								
Butter	0	0	0	0	0	0	0	0
NFDM	0	0	0	0	0	0	0	0
<i>Sub. Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Grand total	21,000	137,592	21,100	138,348	17,968	139,141	13,298	139,413
	JFY 2003	Milk Equiv.	JFY 2004	Milk Equiv.	JFY 2005	Milk Equiv.	JFY 2006	Milk Equiv.
Butter	9,328	115,108	8,625	106,433	3,551	43,819	6,693	82,592
NFDM	0	0	0	0	4,000	25,920	0	0
Dairy Spread	0	0	0	0	1,761	21,731	2,001	24,692
Butter Oil	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Whey/ Prep. Whey	3,633	24,850	4,500	30,780	6,685	45,725	4,399	30,089
<i>Sub. Total</i>	<i>12,961</i>	<i>139,957</i>	<i>13,125</i>	<i>137,213</i>	<i>15,997</i>	<i>137,195</i>	<i>13,093</i>	<i>137,373</i>
Japan's Additional Importation of Designated Dairy Commodities								
Butter	0	0	0	0	0	0	0	0
NFDM	0	0	0	0	0	0	0	0
<i>Sub. Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Grand total	12,961	139,957	13,125	137,213	15,997	137,195	13,093	137,373

	JFY 2007	Milk Equiv.	JFY 2008	Milk Equiv.	JFY 2009	Milk Equiv.	JFY 2010	Milk Equiv.
Butter	7,494	92,476	8,625	106,433	1,668	20,583	4,231	52,211
NFDM	0	0	0	0	7,856	50,907	0	0
Dairy Spread	1,800	22,212	0	0	505	6,232	1,565	19,312
Butter Oil	n/a	n/a	n/a	n/a	116	1,757	1,066	16,148
Whey/ Prep. Whey	3,293	22,524	4,500	30,780	8,441	57,736	7,258	49,645
<i>Sub. Total</i>	<i>12,587</i>	<i>137,212</i>	<i>13,125</i>	<i>137,213</i>	<i>18,586</i>	<i>137,216</i>	<i>14,120</i>	<i>137,316</i>
Japan's Additional Importation of Designated Dairy Commodities								
Butter	0	0	0	0	0	0	0	0
NFDM	0	0	0	0	0	0	0	0
<i>Sub. Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Grand total	12,587	137,212	13,125	137,213	18,586	137,216	14,120	137,316
	JFY 2011	Milk Equiv.	JFY 2012	Milk Equiv.	JFY 2013	Milk Equiv.	JFY 2014	Milk Equiv.
Butter	7,459	92,044	7,459	92,044	3,500	43,190	3,000	37,020
NFDM	0	0	0	0	8,768	56,817	9,178	59,473
Dairy Spread	800	9,872	800	9,872	225	2,777	500	6,170
Butter Oil	300	4,545	300	4,545	242	3,666	250	3,788
Whey/ Prep. Whey	4,500	30,780	4,500	30,780	4,500	30,780	4,500	30,780
<i>Sub. Total</i>	<i>13,059</i>	<i>137,241</i>	<i>13,059</i>	<i>137,241</i>	<i>17,235</i>	<i>137,229</i>	<i>17,428</i>	<i>137,231</i>
Japan's Additional Importation of Designated Dairy Commodities								
Butter	2,000	24,680	2,000	24,680	0	0	10,000	123,400
NFDM	0	0	0	0	0	0	10,000	64,800
<i>Sub. Total</i>	<i>2,000</i>	<i>24,680</i>	<i>2,000</i>	<i>24,680</i>	<i>0</i>	<i>0</i>	<i>20,000</i>	<i>188,200</i>
Grand total	15,059	161,921	15,059	161,921	17,235	137,229	37,428	325,431
	JFY 2015	Milk Equiv.	JFY 2016	Milk Equiv.	JFY 2017	Milk Equiv.	JFY 2018	Milk Equiv.
Butter	2,800	34,552	7,000	86,380	0	0	13,000	160,420
NFDM	10,000	64,800	2,000	12,960	13,000	84,240	27,000	174,960
Dairy Spread	330	4,072	342	4,220	330	4,072	329	4,060
Butter Oil	200	3,030	200	3,030	204	3,091	193	2,919
Whey/ Prep. Whey	4,500	30,780	4,500	30,780	6,700	45,828	5,160	35,294
<i>Sub. Total</i>	<i>17,830</i>	<i>137,234</i>	<i>14,042</i>	<i>137,370</i>	<i>20,234</i>	<i>137,231</i>	<i>45,682</i>	<i>377,654</i>
Japan's Additional Importation of Designated Dairy Commodities								
Butter	10,000	123,400	9,829	121,290	13,000	160,420	0	0
NFDM	5,000	32,400	2,000	12,960	21,000	136,080	0	0
<i>Sub. Total</i>	<i>15,000</i>	<i>155,800</i>	<i>11,829</i>	<i>134,250</i>	<i>34,000</i>	<i>296,500</i>	<i>0</i>	<i>0</i>
Grand total	32,830	293,034	25,871	271,620	54,234	433,731	45,682	377,654

	JFY 2019	Milk Equiv.	JFY 2020*	Milk Equiv.	JFY 2021*	Milk Equiv.		
Butter	20,000	246,800	14,000	172,760	6,400	78,976		
NFDM	1,400	9,072	750	4,860	750	4,860		
Dairy Spread	0	0	0	0	n/a	n/a		
Butter Oil	200	3,030	400	6,060	1,500	22,725		
Whey/ Prep. Whey	2,627	17,966	4,500	30,780	4,500	30,780		
<i>Sub. Total</i>	<i>24,227</i>	<i>276,868</i>	<i>19,650</i>	<i>214,460</i>	<i>13,150</i>	<i>137,341</i>		
Japan's Additional Importation of Designated Dairy Commodities								
Butter	0	0	0	0	n/a	n/a		
NFDM	0	0	0	0	n/a	n/a		
<i>Sub. Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>		
Grand total	24,227	276,868	19,650	214,460	13,150	137,341		
* Volumes in JFY 2020 and 2021 reflect the full quota including untendered volumes as of February 2, 2021.								
Milk Equivalent Conversion Coefficient:								
Butter 12.34								
NFDM 6.48								
Dairy Spread 12.34								
Butter Oil 15.15								
Whey Powder 6.84								
Source: MAFF and ALIC								

Table 2: Japan's WTO Commitment for Dairy Products

Tariff quotas	Initial tariff quota in 1995 (tons)	Final tariff quota in 2000 (tons)	In- quota tariff (%)	Subject to mark-up system
SMP (for school lunch)	7,264	7,264	zero	No
SMP (for other purposes)	85,878	85,878	0 - 35	No
Milk powder	0.3	0.3	30	No
Evaporated milk	1,585	1,585	25 - 30	No
Condensed milk	13	13	30	No
Whey and modified whey (for feeding)	45,000	45,000	zero	No
Prepared whey (for infant formula)	25,000	25,000	10	No
Butter and AMF	1,873	1,873	35	No
Mineral concentrated whey	14,000	14,000	25 - 35	No
Other dairy productions for general use (in tons of whole milk equivalent), including fresh milk and cream, evaporated milk, unfrozen yogurt, buttermilk, products consisting of natural milk constituents: and prepared dairy products under HS Chapter 19 and 21	124,640	133,940	12 - 35	No
Designated dairy products for general use (in whole milk equivalent), including: SMP, milk powder, skimmed milk solids, condensed milk, buttermilk powder, whey and modified whey, butter, butter oil	137,202	137,202	25 - 35	Yes, with phased reduction

Source: Summary of the Results of the Uruguay Round in the Dairy Sector Special annex to the world market for dairy products 1994, *International dairy arrangement Fifteenth annual report*, General Agreement on Tariffs and Trade, November 1994.

Attachments:

No Attachments.